

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **FLORIDA CHANGES**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS COVERAGE FORM**

**A. Section I – Property** is amended as follows:

1. Paragraph **E.4.b. Legal Action Against Us** Property Loss Condition is replaced by the following:

**b.** Legal action against us involving direct physical loss or damage to property must be brought within 5 years from the date the loss occurs.

2. Paragraph **E.5.g. Loss Payment** Property Loss Condition is replaced by the following:

**g.** Provided you have complied with all the terms of this Policy, we will pay for covered loss or damage:

**(1)** Within 20 days after we receive the sworn proof of loss and reach written agreement with you; or

**(2)** Within 30 days after we receive the sworn proof of loss and:

**(a)** There is an entry of a final judgment; or

**(b)** There is a filing of an appraisal award with us.

3. Paragraph **H.12.a. Property Definitions** is replaced by the following:

Throughout the policy, references to sinkhole collapse mean Sinkhole Loss. The definition of a sinkhole collapse is replaced by the following:

**a.** “Sinkhole” means, a landform created by subsidence of soil, sediment, or rock as underlying strata are dissolved by groundwater. A sinkhole may form by collapse into subterranean voids that is created by dissolution of limestone or dolostone or by subsidence as these strata are dissolved.

**b.** “Sinkhole loss” means structural damage to the building, including the foundation, that is caused by sinkhole activity. Contents coverage shall apply only if there is structural damage to the building that is caused by sinkhole activity.

Coverage for a Sinkhole Loss includes stabilization of the Building (including land stabilization) and repair to the foundation provided such work is in accordance with the requirements of Florida Insurance Law and in accordance with the recommendation of a professional engineer and in consultation with you. The professional engineer must be selected or approved by us. However, until you enter into a contract for performance of building stabilization or foundation repair:

**(1)** We will not pay for underpinning or grouting or any other repair technique performed below the existing foundation of the Building; and

**(2)** Our payment for Sinkhole Loss to Covered Property may be limited to the actual cash value of the loss to such property.

After you have entered into a contract for performance of building stabilization or foundation repair, we will pay the amount that is necessary to begin and to perform such repairs as the work is performed and the expenses are incurred. If repair has begun and the aforementioned professional engineer determines that the repairs will exceed the applicable Limit of Insurance, we will pay only the remaining portion of the applicable Limit of Insurance upon such determination. The most we will pay for the total of all Sinkhole Loss, including building and land stabilization and foundation repair, is the applicable Limit of Insurance on the affected building.

A Sinkhole Loss does not include the sinking or the collapse of land into man-made underground cavities.

c. "Catastrophic Ground Cover Collapse" means geological activity that results in all the following: (1) The abrupt collapse of the ground cover; (2) A depression in the ground cover that is clearly visible to the naked eye; (3) Structural damage to the building, including the foundation; and (4) The insured structure being condemned and ordered to be vacated by a governmental agency that is authorized by law to issue such an order for that structure.

4. With respect to a claim for an alleged Sinkhole Loss, the following provision is added:

Following receipt by us of a report from a professional engineer or professional geologist on the cause of loss and recommendations for land stabilization and repair of property, or if we deny your claim, we will notify you of your right to participate in a neutral evaluation program administered by the Florida Department of Financial Services (hereinafter referred to as the Department). For alleged Sinkhole Loss to commercial residential properties, this program applies instead of the Mediation procedure that is set forth elsewhere in this policy.

You or we may file a request with the Department for neutral evaluation; the other party must comply with such request. We will pay the costs associated with the neutral evaluation, regardless of which party makes the request. The neutral evaluator will be selected from a list maintained by the Department. The recommendation of the neutral evaluator will not be binding on you or us.

The Appraisal Property Loss Condition will not apply to a claim that has been submitted to neutral evaluation. Participation in the neutral evaluation program does not change your right to file suit against us in accordance with the Legal Action Against Us Property Loss Condition in this policy; except that the time for filing suit is extended 60 days following the conclusion of the neutral evaluation process, in accordance with the provisions of Section 627.7074 (4) of the Florida Statutes.

5. If windstorm is a Covered Cause of Loss, and Covered Property is located in:

- a. Monroe County; or
- b. East of the west bank of the Intra-Coastal Waterway in
  - (1) Broward County;
  - (2) Dade County;
  - (3) Indian River County;
  - (4) Martin County;
  - (5) Palm Beach County; or

(6) St. Lucie County,

the following applies:

If loss or damage to a Covered Property is caused by or results from Windstorm, the following exclusion applies:

#### **WINDSTORM EXTERIOR PAINT OR WATERPROOFING EXCLUSION**

We will not pay for loss or damage caused by windstorm to:

- (1) Paint; or
- (2) Waterproofing material;

applied to the exterior of Buildings unless the Building to which such loss or damage occurs also sustains other loss or damage by windstorm in the course of the same storm event. But such coverage applies only if windstorm is a Covered Cause of Loss.

When loss or damage to exterior paint or waterproofing material is excluded, we will not include the value of paint or waterproofing material to determine:

- (1) The amount of the Windstorm or Hail Deductible; or
- (2) The value of Covered Property.

6. The following is added to B.1.b. Earth Movement:

- (6) This exclusion does not apply to loss by "Catastrophic Ground Cover Collapse".

**B. Section III – Common Policy Conditions** is amended as follows:

1. Paragraph **A.2. Cancellation** is replaced by the following:

#### **2. Cancellation For Policies In Effect 90 Days Or Less**

a. If this policy has been in effect for 90 days or less, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation, accompanied by the specific reasons for cancellation, at least:

- (1) 10 days before the effective date of cancellation if we cancel for non-payment of premium; or
- (2) 20 days before the effective date of cancellation if we cancel for any other reason, except we may cancel immediately if there has been:
  - (a) A material misstatement or misrepresentation; or
  - (b) A failure to comply with underwriting requirements established by the insurer.

b. We may not cancel:

- (1) On the basis of property insurance claims that are the result of an act of God, unless we can demonstrate, by claims frequency or otherwise, that you have failed to take action reasonably necessary as requested by us to prevent recurrence of damage to the insured property; or
- (2) On the basis of filing of claims for partial loss caused by sinkhole damage, or clay shrinkage, regardless of whether this policy has been the subject of a sinkhole or clay shrinkage claim, or on the basis of the risk associated with the occurrence of such a claim. However, we may cancel this policy if:
  - (a) The total of such property insurance claim payments for this policy exceeds the current policy limits of coverage for property damage; or
  - (b) You have failed to repair the structure in accordance with the engineering recommendations upon which any loss payment or policy proceeds were based.
- (3) Solely on the basis of a single property insurance claim which is the result of water damage, unless we can demonstrate that you have failed to take action reasonably requested by us to prevent a future similar occurrence of damage to the insured property.

2. Paragraph **A.5. Cancellation** is replaced by the following:

5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will mail the refund within 15 working days after the date cancellation takes effect. The cancellation will be effective even if we have not made or offered a refund.

3. The following is added to Paragraph **A. Cancellation**:

**7. Cancellation For Policies In Effect For More Than 90 Days**

- a. If this policy has been in effect for more than 90 days, we may cancel this policy only for one or more of the following reasons:
  - (1) Nonpayment of premium;
  - (2) The policy was obtained by a material misstatement;
  - (3) There has been a failure to comply with underwriting requirements established by the insurer within 90 days of the effective date of coverage;
  - (4) There has been a substantial change in the risk covered by the policy;
  - (5) The cancellation is for all insureds under such policies for a given class of insureds;
  - (6) On the basis of property insurance claims that are the result of an act of God, if we can demonstrate, by claims frequency or otherwise, that you have failed to take action reasonably necessary as requested by us to prevent recurrence of damage to the insured property;
  - (7) On the basis of filing of claims for partial loss caused by sinkhole damage, or clay shrinkage, or on the basis of the risk associated with the occurrence of such a claim, if:
    - (a) The total of such property insurance claim payments for this policy exceeds the current policy limits of coverage for property damage; or
    - (b) You have failed to repair the structure in accordance with the engineering recommendations upon which any loss payment or policy proceeds were based; or

- (8) On the basis of a single property insurance claim which is the result of water damage, if we can demonstrate that you have failed to take action reasonably requested by us to prevent a future similar occurrence of damage to the insured property.
- b. If we cancel this policy for any of these reasons, we will mail or deliver to the first Named Insured written notice of cancellation, accompanied by the specific reasons for cancellation, at least:
  - (1) 10 days before the effective date of cancellation if cancellation is for nonpayment of premium; or
  - (2) 45 days before the effective date of cancellation if:
    - (a) Cancellation is for one or more of the reasons stated in Paragraphs a.(2) through a.(8) above; and
    - (b) This policy does not cover a residential structure or its contents; or
  - (3) 100 days before the effective date of cancellation if:
    - (a) Cancellation is for one or more of the reasons stated in Paragraphs a.(2) through a.(8) above; and
    - (b) This policy covers a residential structure or its contents.
- c. We may also provide the following notice:
  - (1) If the date of cancellation or termination becomes effective on or after December 1 and before June 1, we will let you know at least 100 days before the date that cancellation takes effect; or
  - (2) If the date of cancellation becomes effective on or after June 1 and before December 1, we will let you know:
    - (a) At least 100 days before the date cancellation takes effect; or
    - (b) By June 1;
 whichever is earlier.

4. The following Paragraphs are added:

**M. Nonrenewal**

- 1. If we decide not to renew this policy we will mail or deliver to the first Named Insured written notice of nonrenewal, accompanied by the specific reason for nonrenewal, at least:

- a. 100 days prior to the expiration of the policy if this policy covers a residential structure or its contents; or
  - b. 45 days prior to the expiration of the policy for all other policies; or
- 2. Any notice of nonrenewal will be mailed or delivered to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.
  - 3. If paragraph (1) does not apply and:
    - (1) If the date of nonrenewal becomes effective on or after December 1 and before June 1, we will let you know at least 100 days before the date that cancellation takes effect; or
    - (2) If the date of nonrenewal becomes effective on or after June 1 and before December 1, we will let you know:
      - (a) At least 100 days before the date nonrenewal takes effect; or
      - (b) By June 1;
 whichever is earlier.
  - 4. We may not refuse to renew this policy:
    - a. On the basis of property insurance claims that are the result of an act of God, unless we can demonstrate, by claims frequency or otherwise, that you have failed to take action reasonably necessary as requested by us to prevent recurrence of damage to the insured property; or
    - b. On the basis of filing of claims for partial loss caused by sinkhole damage, or clay shrinkage, regardless of whether this policy has been the subject of a sinkhole claim, or on the basis of the risk associated with the occurrence of such a claim. However, we may refuse to renew this policy if:
      - (1) The total of such property insurance claim payments for this policy exceeds the current policy limits of coverage for property damage; or
      - (2) You have failed to repair the structure in accordance with the engineering recommendations upon which any loss payment or policy proceeds were based.

- (3) Solely on the basis of a single property insurance claim which is the result of water damage, unless we can demonstrate that you have failed to take action reasonably requested by us to prevent a future similar occurrence of damage to the insured property.

**N. Limitations On Cancellation And Nonrenewal In The Event Of Hurricane Or Wind Loss – Residential Property**

1. The following provisions apply to a policy covering a residential structure or its contents, if such property has sustained damage as a result of a hurricane or windstorm that is the subject of a declaration of emergency by the Governor and filing of an order by the Commissioner of Insurance Regulation:
  - a. Except as provided in **N.1.b.**, we may not cancel or nonrenew the policy until at least 90 days after repairs to the residential structure have been substantially completed so that it is restored to the extent that it is insurable by another insurer writing policies in Florida. If we elect to not renew the policy, we will provide at least 90 days' notice that we intend to nonrenew 90 days after the substantial completion of repairs.
  - b. We may cancel or nonrenew the policy prior to restoration of the structure, for any of the following reasons:
    - (1) Nonpayment of premium;
    - (2) Material misstatement or fraud related to the claim;
    - (3) We determine that you have unreasonably caused a delay in the repair of the structure; or
    - (4) We have paid the policy limits.

If we cancel or nonrenew for nonpayment of premium, we will give you 10 days' notice. If we cancel for a reason listed in **b.(2)**, **b.(3)** or **b.(4)**, we will give you 45 days' notice.

2. With respect to a policy covering a residential structure or its contents, any cancellation or nonrenewal that would otherwise take effect during the duration of a hurricane will not take effect until the end of the duration of such hurricane, unless a replacement policy has been obtained and is in effect for a claim occurring during the duration of the hurricane. We may collect premium for the period of time for which the policy period is extended.
3. With respect to **N.2.**, a hurricane is a storm system that has been declared to be a hurricane by the National Hurricane Center of the National Weather Service (hereafter referred to as NHC). The hurricane occurrence begins at the time a hurricane watch or hurricane warning is issued for any part of Florida by the NHC, and ends 72 hours after the termination of the last hurricane watch or hurricane warning issued for any part of Florida by the NHC.