



JOHN T. FERREIRA
INSURANCE 
SINCE 1919

October 10, 2002

Risk Management
Nassau County BOCC
3163 Bailey Road
Fernandina Beach, FL 32034

Re: Insurance Policy Renewal - Commercial Flood Policy -11 N. 14th Street-Annex
Company: Auto Owners Insurance Company
Policy Number: 4000566416
Policy Term: 09/17/02 to 09/17/03

Dear Lew:

We are pleased to enclose your renewal policy for the above coverage.

Please take a few minutes to verify that the coverage and limits are accurate. It is important that you contact us immediately if any changes are necessary. This will help assure adequate protection in the case of a loss.

Thank you for choosing John T. Ferreira Ins., Inc. for your Commercial Flood Policy insurance coverage. We appreciate your business and look forward to assisting you with your insurance needs.

Please do not hesitate to contact us if you have any questions or concerns.

Sincerely,



Jean Edge
Account Manager

Enc.

RECEIVED
OCT 16 2002
RISK MGT. OFFICE

Flood Insurance General Property Policy



STANDARD FLOOD INSURANCE POLICY

[Issued Pursuant to the National Flood Insurance Act of 1968, or Any Acts Amendatory Thereof (Hereinafter Called the Act), and Applicable Federal Regulations in Title 44 of the Code of Federal Regulations, Subchapter B]

GENERAL PROPERTY FORM

READ THE POLICY CAREFULLY. THE COVERAGE PROVIDED IS SUBJECT TO LIMITATIONS, RESTRICTIONS AND EXCLUSIONS.

THIS POLICY PROVIDES NO COVERAGE:

1. IN A REGULAR PROGRAM COMMUNITY, FOR A RESIDENTIAL CONDOMINIUM BUILDING, AS DEFINED IN THIS POLICY; AND
2. EXCEPT FOR PERSONAL PROPERTY COVERAGE, FOR A UNIT IN A CONDOMINIUM BUILDING.

INSURING AGREEMENT

AGREEMENT OF INSURANCE between the Company as Insurer, and the Insured.

The Insurer insures the Insured against all **DIRECT PHYSICAL LOSS BY OR FROM FLOOD** to the insured property, based upon:

1. The Insured having paid the correct amount of premium; and
2. The Insurer's reliance on the accuracy of the information and statements the Insured has furnished; and

3. All the terms of this **policy**, the National Flood Insurance Act of 1968, as amended, and Title 44 of the Code of Federal Regulations.

On this basis, the Insured is insured up to the lesser of:

1. The **actual cash value**, not including any antique value, of the property at the time of loss; or
2. 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.

ARTICLE 1--PERSONS INSURED

The following are insured under this **policy**:

- A. The named Insured and legal representatives;
- B. Any mortgagee and trustee named in the **application** and

declarations page, as well as any other mortgagee or loss payee determined to exist at the time of a loss (See **Article 8**, paragraph L.), in the order of precedence and to the extent of their interest but for no more, in the aggregate, than the interest of the named Insured.

NOTICE: This policy provides only **LIMITED COVERAGE** in basements and for the enclosed areas below elevated Post-FIRM buildings, as set forth below. (See Article 6, Paragraph F.)

SCOPE OF BASEMENT AND ELEVATED BUILDING ENCLOSURE COVERAGE

BUILDING AND CONTENTS ELEMENTS COVERED:

- FOUNDATION ELEMENTS
- REQUIRED UTILITY CONNECTIONS
- SUMP PUMPS
- WELL WATER TANKS AND PUMPS
- OIL TANKS AND THE OIL IN THEM
- CISTERNS AND THE WATER IN THEM
- NATURAL GAS TANKS AND THE GAS IN THEM
- PUMPS AND/OR TANKS USED IN CONJUNCTION WITH SOLAR ENERGY
- FURNACES
- HOT WATER HEATERS
- CLOTHES WASHERS AND DRYERS
- FOOD FREEZERS AND THE FOOD IN THEM
- AIR CONDITIONERS
- HEAT PUMPS
- ELECTRICAL JUNCTION AND CIRCUIT BREAKER BOXES

- CLEAN-UP
- ELEVATORS, DUMBWAITERS, AND EQUIPMENT, EXCEPT FOR SUCH EQUIPMENT LOCATED BELOW THE BASE FLOOD LEVEL, IF SUCH EQUIPMENT WAS INSTALLED ON OR AFTER OCTOBER 1, 1987

ELEMENTS COVERED IN BASEMENTS ONLY:

- UNPAINTED DRYWALLS AND SHEETROCK WALLS, INCLUDING FIBERGLASS INSULATION, AND CEILINGS (REPLACE, AND IN SUBSTITUTION FOR FINISHED WALLS)

ELEMENTS NOT COVERED IN BASEMENTS AND ELEVATED BUILDING ENCLOSURES (SEE NOTE):

- CONTENTS
- IMPROVEMENTS SUCH AS FINISHED WALLS, FLOORS, AND CEILINGS
- BUILDING EQUIPMENT AND FIXTURES NOT SPECIFICALLY COVERED

NOTE: IN THE CASE OF ELEVATED BUILDINGS, COVERAGE LIMITATION APPLIES ONLY TO POST-FIRM ELEVATED BUILDINGS IN SPECIAL HAZARD AREAS DESIGNATED AS ZONES A1-30 (AE), AH, AND V1-30 (VE).

NOTICE: In the event the insured building sustains damage from any cause, the repair and reconstruction of which costs 50% or more of the market value of the insured building, you may be required by your community to comply with local floodplain management requirements governing repair and reconstruction if this building is located within a special hazard area, i.e., to elevate the lowest floor of the structure to or above the base flood elevation. **THE COST OF SUCH COMPLIANCE, INCLUDING ELEVATION, IS NOT COVERED UNDER THIS POLICY.** (See Article 3, Paragraph A.6.)

SUMMARY OF STANDARD FLOOD INSURANCE POLICY CHANGES GENERAL PROPERTY FORM

1. As used in this policy, definitions for the following terms has been added:

Association, Condominium, Elevated Building, Emergency Program Community, Federal Policy Fee, Improvements, Pre-firm Rated Building, Regular Program Community, Residential Condominium Building, Unit, and Valued Policy (See Article 2, Definitions.)

2. Under losses not covered, there is a modification providing coverage for losses caused by land subsidence, sewer backup or seepage of water, subject to additional deductibles of \$250.00 (applied separately to each building and contents loss) as provided for in Article 7 and subject to the following conditions:

a) There is a general and temporary condition of flooding in the area.

b) The flooding is the proximate cause of the land subsidence, sewer backup or seepage of water.

c) The land subsidence, sewer backup, or seepage damage occurs no later than 72 hours after the flood has receded.

d) The insured building must be insured, at the time of the loss, for at least 80% of its replacement cost or the maximum amount of insurance available under the National Flood Insurance Program. (See Article 3, Paragraph B.3., Losses Not Covered.)

3. Fixtures covered under Building coverage are listed. Items covered under personal property, if owned solely by the insured, are listed.

4. Upon discovery, prior to a loss, of insufficient premium, the insurer will send a notice of the additional premium due to purchase the coverage originally requested, provided that the required information is available to calculate the underpayment amount. If the additional premium is received within thirty days from the date of written notice, the policy is reformed as of the inception date or endorsement effective date to provide the amount of flood insurance coverage initially re-

quested. (See General Conditions and Provisions: Reduction of Coverage Limits or Reformation: Article 8, paragraph E.2.a.)

5. Debris removal provisions extend coverage to:

a) Non-owned debris from beyond the boundaries of the described premises which is physically on the insured property.

b) Parts of the insured property which is anywhere:

1) on the described premises; and

2) on property beyond the boundaries of the described premises. (See Article 4, Property Covered, Coverage C.)

6. Coverage for additions and extensions is restricted to those attached to the building by means of a common wall. (Article 4, Coverage A, Paragraph 2.) This is further clarified in regard to decks in Article 6, Paragraph D.2., which has been revised to specifically exclude coverage for decks.

7. This is not a valued policy and the loss will be paid in an amount equal to the lesser of the value of the damaged property or the limit of coverage permitted under the Act.

8. Reimbursement for certain loss mitigation measures is increased to an aggregate amount not to exceed \$750.00. Reimbursement is limited by covered items and conditions as set forth in Article 5, Paragraph C.

9. Article 8, Paragraph H., clarifies that the Liberalization Clause only applies to losses occurring on or after the effective date of any policy changes.

10. The General Property form is used to insure residential condominium buildings located in Emergency Program communities and/or residential condominium buildings located in Regular Program communities where **less than 75%** of the total floor area within the building is residential.

ARTICLE 2--DEFINITIONS

AS USED IN THIS POLICY:

"**Act**" means the National Flood Insurance Act of 1968 and any acts amendatory thereof.

"**Actual Cash Value**" means the replacement cost of an insured item of property at the time of loss, less the value of physical depreciation as to the item damaged.

"**Application**" means the statement made and signed by the Insured, or the Insured's agent, and giving information on the basis of which the Insurer determines the acceptability of the risk, the policy to be issued and the correct premium payment, which must accompany the application in order for the policy to be issued. The application is a part of this flood insurance policy.

"**Association**" means the group of unit owners which manages the described Condominium Building.

"**Base flood**" means the flood having a one percent chance of being equalled or exceeded in any given year.

"**Basement**" means any area of the building, including any sunken room or sunken portion of a room, having its floor subgrade (below ground level) on all sides.

"**Building**" means a walled and roofed structure, other than a gas or liquid storage tank, that is principally above ground and affixed to a permanent site, including a walled and roofed building in the course of construction, alteration or repair and a manufactured (i.e., mobile) home on a permanent foundation, subject to Article 6, paragraph H.

"**Cancellation**" means that ending of the insurance coverage provided by this policy prior to the expiration date.

"**Coastal High Hazard Area**" means an area subject to high velocity waters, including hurricane wave wash and tsunamis.

"**Condominium**" means a system of individual ownership of units in a multi-unit building or buildings or in single-unit buildings as to which each unit owner in the condominium has an undivided interest in the common areas of the building(s) and facilities that serve the building(s).

"**Declarations Page**" is a computer generated summary of information furnished by the Insured in the application for

insurance. The declarations page also describes the term of the policy, limits of coverage, and displays the premium and the name of the Insurer. The declarations page is a part of this flood insurance policy.

"**Direct Physical Loss By or From Flood**" means any loss in the nature of actual loss of or physical damage, evidenced by physical changes, to the insured property (building or personal property) which is directly and proximately caused by a "flood" (as defined in this policy).

"**Elevated Building**" means a non-basement building which has its lowest elevated floor raised above ground level by foundation walls, shear walls, posts, piers, pilings, or columns.

"**Emergency Program Community**" means a community wherein a Flood Hazard Boundary Map (FHBM) is in effect and only limited amounts of insurance are available under the Act.

"**Expense Constant**" means a flat charge per policy term, paid by the Insured to defray the Insurer's policywriting and other expenses.

"**Expiration Date**" means the ending of the insurance coverage provided by this policy on the expiration date shown on the declarations page.

"**Federal policy fee**" means a flat charge per policy term, paid by the Insured to defray certain administrative expenses incurred in carrying out the National Flood Insurance Program not covered by the expense constant. This fee was established by section 1307(a)(1)(B)(iii) of the National Flood Insurance Act of 1968, as amended, and is not subject to producers' commissions, expense allowances, or state or local premium taxes.

"**Flood**" means:

A. A general and temporary condition of partial or complete inundation of normally dry land areas from:

1. The overflow of inland or tidal waters.
2. The unusual and rapid accumulation or runoff of surface waters from any source.

3. Mudslides (i.e., mudflows) which are proximately caused by flooding as defined in subparagraph A-2 above and are akin to a river of liquid and flowing mud on the surfaces of normally dry land areas as when earth is carried by a current of water and deposited along the path of the current.

B. The collapse or subsidence of land along the shore of a lake or other body of water as a result of erosion or undermining caused by waves or currents of water exceeding the cyclical levels which result in flooding as defined in subparagraph A-1 above.

"Improvements" means fixtures, alterations, or additions comprising a part of the insured building.

"Manufactured home" means a building transportable in one or more sections, which is built on a permanent chassis and designed to be used with or without a permanent foundation when connected to the required utilities. The term "manufactured home" does not include park trailers, and other similar vehicles. To be eligible for coverage under this policy, a manufactured home must be on a permanent foundation and, if located in a FEMA designated Special Hazard Area, must meet the requirements of paragraph H. of Article 6.

"Mobile Home" means a manufactured home.

"National Flood Insurance Program" means the program of flood insurance coverage and floodplain management administered under the Act and applicable Federal regulations in Title 44 of the Code of Federal Regulations, Subchapter B.

"Policy" means the entire written contract between the Insured and the Insurer, including this printed form, the application, and declarations page, any endorsements which may be issued and any renewal certificates indicating that coverage has been instituted for a new policy and policy term. Only one building, specifically described by the Insured in the application, may be insured under this policy, unless application to cover more than one building is made on a form or in a format approved for that purpose by the Federal Insurance Administrator.

"Post-FIRM building" means a building for which the start of construction or substantial improvement occurred after December 31, 1974, or on or after the effective date of the initial Flood Insurance Rate Map (FIRM) for the community in which the building is located, whichever is later.

"Pre-FIRM rated building" means a building for which the start of construction or substantial improvement occurred on or before December 31, 1974, or before the effective date of the initial FIRM for the community in which the building is located, whichever is later.

"Probation Additional Premium" means a flat charge per policy term paid by the Insured on all new and renewal policies issued covering property in a community that has been placed on probation under the provisions of 44 CFR 59.24.

"Regular Program Community" means a community wherein a FIRM is in effect and full limits of coverage are available under the Act.

"Residential Condominium Building" means a building owned by the members of a condominium association containing one or more residential units and in which at least 75% of the floor area within the building is residential.

"Special hazard area" means an area having special flood, mudslide (i.e., mudflow), and/or flood-related erosion hazards, and shown on a FHBM or FIRM as Zone A, AO, A1-30, AE, A99, AH, AR, VO, V1-30, VE, V, M or E.

"Unit" means a unit in the insured Condominium Building.

"Valued policy" means a policy contract in which the Insurer and the Insured agree on the value of the property insured, that value being payable in event of total loss.

"Walled and Roofed" means the building has in place two or more exterior, rigid walls and the roof is fully secured so that the building will resist flotation, collapse and lateral movement.

ARTICLE 3 - LOSSES NOT COVERED

The Insurer only provides coverage for direct physical loss by or from flood which means the following are not covered:

A. Compensation, reimbursement or allowance for:

1. Loss of use of the insured property or premises.
2. Loss of access to the insured property or premises.

3. Loss of profits.

4. Loss resulting from interruption of business, profession, or manufacture.

5. Any additional expenses incurred while the insured **building** is being repaired or is uninhabitable for any reason.

6. Any increased cost of repair or reconstruction as a result of any ordinance regulating reconstruction or repair.

7. Any other economic loss.

B. Losses from other casualties, including loss caused by:

1. Theft, fire, windstorm, wind, explosion, earthquake, land sinkage, landslide, destabilization or movement of land resulting from the accumulation of water in subsurface land areas, gradual erosion, or any other earth movement except such mudslides (i.e., mudflows) or erosion as is covered under the peril of **flood**.

2. Rain, snow, sleet, hail or water spray.

3. Land subsidence, sewer backup, or seepage of water unless, subject to additional deductibles as provided for at Article 7, (a) there is a general and temporary condition of flooding in the area, (b) the flooding is the proximate cause of the land subsidence, sewer backup, or seepage of water, (c) the land subsidence, sewer backup, or seepage of water damage occurs no later than 72 hours after the flood has receded, and (d) the insured **building** must be insured, at the time of the loss, for at least 80 percent of its replacement cost or the maximum amount of insurance available under the **National Flood Insurance Program**.

4. Freezing, thawing, or the pressure or weight of ice or water.

5. Water, moisture, mildew, mold or mudslide (i.e., mudflow) damage resulting primarily from any condition substantially confined to the insured **building** or from any condition which is within the Insured's control (including but not limited to design, structural or mechanical defects, failures, stoppages or breakages of water or sewer lines, drains, pumps, fixtures or equipment).

C. Losses of the following nature:

1. A loss which is already in progress as of 12:01 A.M. of the first day of the **policy** term, or, as to any increase in the limits of coverage which is requested by the Insured, a loss which is already in progress as of 12:01 A.M. on the date when the additional coverage becomes effective.

2. A loss from a **flood** which is confined to the premises on which the insured property is located unless the **flood** is displaced over two acres of the premises.

3. A loss caused by the Insured's modification to the insured property which materially increases the risk of flooding.

4. A loss caused intentionally by the Insured.

5. A loss caused by or resulting from power, heating or cooling failure, unless such failure results from physical damage to power, heating or cooling equipment situated on the premises where the described **building** or unit is located, caused by a **flood**.

6. A loss to any **building** or contents located on property leased from the Federal Government, arising from or incident to the flooding of the property by the Federal Government where the lease expressly holds the Federal Government harmless, under flood insurance issued under any Federal Government program, from loss arising from or incident to the flooding of the property by the Federal Government.

ARTICLE 4 - PROPERTY COVERED
(Subject to
ARTICLES 3, 5 and 6 Provisions,
Which Also Apply to the Other Articles, Terms, and
Conditions of This Policy, Including the Insuring Agreement)

COVERAGE A - BUILDING PROPERTY

This policy covers a **building** (the "**building**") at the premises which is described in the **application**, and includes:

1. The entire **building**, for its real property elements, including, if owned in common by a **Condominium Association**, as named Insured, all **units** within the **building** and the **improvements** within the **units**.

2. Additions and extensions attached to and in contact with the **building** by means of a common wall (but see Article 6, paragraph D.2.).

3. Fixtures, machinery and equipment, including the following property, all while within the **building** and owned by the named Insured, as to which coverage is not provided under "Coverage B - PERSONAL PROPERTY":

- o Furnaces
- o Wall Mirrors Permanently Installed
- o Permanently Installed Corner Cupboards, Bookcases, Paneling, and Wallpaper
- o Ventilating Equipment
- o Fire Extinguishing Apparatus
- o Venetian Blinds
- o Central Air Conditioners
- o Awnings and Canopies
- o Elevator Equipment
- o Fire Sprinkler Systems
- o Outdoor Antennas and Aerials
- o Pumps and Machinery for Operating them
- o Carpet Permanently Installed Over Unfinished Flooring
- o In the **Units** Within the **Building**, Installed:

- oo Built-in Dishwashers
- oo Garbage Disposal Units
- oo Hot Water Heaters
- oo Kitchen Cabinets
- oo Built-in Microwave Ovens
- oo Plumbing Fixtures

- oo Radiators
- oo Ranges
- oo Refrigerators
- oo Stoves

4. Materials and supplies to be used in constructing, altering or repairing the **building** while stored inside a fully enclosed **building**:

- a. At the property address; or
- b. On an adjacent property at the time of loss; or
- c. In case of another **building** at the property address which does not have walls on all sides, while stored and secured to prevent flotation out of the **building** during flooding (the flotation out of the **building** shall be deemed to establish the conclusive presumption that the materials and supplies were not reasonably secured to prevent flotation, in which case no coverage is provided for such materials and supplies under this policy).

5. A **building** in the course of construction before it is **walled and roofed** subject to the following conditions:

- a. The amount of the deductible for each loss occurrence before the **building** is **walled and roofed** is two times the deductible which is selected to apply after the **building** is **walled and roofed**;
- b. Coverage is provided before the **building** is **walled and roofed** only while construction is in progress, or if construction is halted, only for a period of up to 90 continuous days thereafter, until construction is resumed; and
- c. There is no coverage before the **building** is **walled and roofed** where the lowest floor, including **basement** floor, of a non-elevated **building** or the lowest elevated floor of an **elevated building** is below the **base flood** elevation in Zones.

AH, AE or A1-30 or is below the **base flood** elevation adjusted to include the effect of wave action in Zones VE or V1-30. The lowest floor levels are based on the bottom of

the lowest horizontal structural member of the floor in Zones VE or V1-30 and the top of the floor in Zones AH, AE or A1-30.

COVERAGE B - PERSONAL PROPERTY

A. Subject to paragraphs B, C, and D, below, this **policy** covers personal property which is in or on the insured, fully enclosed **building** and is:

1. Owned solely by the insured, or in common by the unit owners of a **condominium**, i.e., as to which each unit owner has an undivided ownership interest; or

2. In the case of a **condominium**, owned solely by a **condominium association** and used exclusively in the conduct of the business affairs of the **condominium**.

3. Such personal property is also covered while stored at a temporary location, as expressly authorized under this **policy** (see **Article 5**, paragraph B.2.).

B. When the insurance under this **policy** covers personal property (contents), coverage shall be for either household contents or other than household contents, but not for both.

1. When the insurance under this **policy** covers other than household contents, such insurance shall cover, subject to "COVERAGE A - BUILDING PROPERTY", paragraph 3.: merchandise and stock, materials and stock supplies of every description, furniture, fixtures, machinery and equipment of every description all owned by the Insured and all while within the described enclosed **building**. Bailees' goods are specifically excluded from coverage under this **policy**.

2. When the insurance under this **policy** covers household contents, such insurance shall cover, subject to "COVERAGE A - BUILDING PROPERTY", paragraph 3.: all household and personal property usual or incidental to the occupancy of the premises as a residence, except any property more specifically covered in whole or in part by other insurance including the peril insured against in this **policy**, belonging to the Insured or members of the Insured's family of the same household, or for which the Insured may be liable, or, at the option of the Insured, belonging to a servant or guest of the Insured -- all while within the described enclosed **building**.

C. Coverage for personal property includes the following property, subject to paragraph A. 1. and 2., above, for which coverage is not provided (irrespective of the manner in which

the property is installed in or adapted to the **building**) under "COVERAGE A - BUILDING PROPERTY":

- o Clothes Washers
- o Clothes Dryers
- o Food Freezers
- o Air Conditioning Units Installed in the **Building**
- o Portable Dishwashers
- o Carpet, including wall-to-wall carpet, over finished flooring and whether or not it is permanently installed
- o Carpet not permanently installed over unfinished flooring
- o Outdoor equipment and furniture stored inside the dwelling or another fully enclosed **building** at the property address
- o Portable microwave ovens and "cook-out" grills, ovens and the like

D. **Limitations.** Under this "COVERAGE B - PERSONAL PROPERTY", the Insured shall not be reimbursed for loss as to the following personal property to the extent the loss to any one or more of such property exceeds, individually or in total, \$250.00:

- o Artwork, including but not limited to, paintings, etchings, pictures, tapestries, art glass windows including their frames, statuary, marbles, and bronzes;
- o Rare books;
- o Necklaces, bracelets, gems, precious or semi-precious stones, watches, articles of gold, silver, or platinum; or
- o Furs or any article containing fur which represents its principal value.

E. The Insured, if not an owner of the described **building**, may apply up to 10% of the amount of insurance applicable to the personal property covered under this item, not as an additional amount of insurance, to cover loss to **improvements** to the described **building** which have been made, or acquired, at the expense of the Insured exclusive of rent paid by the Insured, even though the **improvements** are not legally subject to removal by the Insured.

F. The Insured, if a **condominium unit owner** in the described **building**, may apply up to 10% of the amount of insurance on personal property covered under this **policy**, not as an additional amount of insurance, to cover loss to the interior walls, floors, and ceilings that are not otherwise covered under a **condominium association policy** insuring the described non-residential **condominium building**.

G. In the case of personal property owned by the Insured in a **condominium building**, as a **condominium unit owner**, as well as in common with other **condominium unit owners**, should the amount of insurance collectible under this **policy** for a loss, when combined with any recovery available to the

Insured as a tenant in common under any **condominium association flood** insurance coverage provided under the **Act** for the same loss, exceed the statutorily permissible limits of personal property coverage available under the **Act** for the insuring of the personal property, then the limits of personal property coverage under this **policy** shall be reduced in regard to that loss by the amount of such excess.

The insurance under this **policy** shall be excess over any insurance in the name of the **Condominium Association** covering the same property. Loss shall not be paid under this **policy** until the Insurer has verified the extent to which such loss is covered by any insurance in the name of a **condominium association**.

COVERAGE C - DEBRIS REMOVAL

This insurance covers expense incurred in the removal of debris of, or on, or from the **building** or personal property covered hereunder, which may be occasioned by loss caused by a **flood**. Under these provisions coverage extends to:

1. Non-owned debris from beyond the boundaries of the described premises which is physically on the insured property (i.e., on the **building** or the personal property).

2. Parts of the insured property anywhere:

a. On the described premises; and

b. On property beyond the boundaries of the described premises.

The total liability under this **policy** for both loss to property and debris removal expense shall not exceed the amount of insurance applying under this **policy** to the property covered.

ARTICLE 5 - SPECIAL PROVISIONS APPLICABLE TO COVERAGES A, B, AND C

A. **This policy is not a valued policy.** Loss will be paid, provided the Insured has purchased a sufficient amount of coverage, i.e., in an amount equal to the lesser of the value of the damaged property under the terms and conditions of this **policy** (and regardless of whether the amount of insurance purchased is greater than such value) or the limit of coverage permitted under the **Act**.

B. **Insured Property, Covered Locations.** The **building** and personal property are covered while the property is located:

1. At the property address shown on the **application**; and

2. For 45 days at another place above ground level or outside of the **special hazard area**, to which any of the insured property shall necessarily be removed in order to protect and preserve it from **flood**, due to the imminent danger of **flood** (provided, personal property so removed must be placed in a fully enclosed **building** or otherwise reasonably protected from the elements to be insured against loss), in which case the reasonable expenses incurred by the Insured, including the value of its own labor at prevailing Federal minimum wage rates, in moving any of the insured property temporarily away from the peril of **flood** shall be reimbursed in an amount not to exceed \$500.00. This **policy's**

deductible amounts, as provided for at Article 7, shall not be applied to this reimbursement, but shall be applied to any other benefits under this **policy's** coverage.

C. Coverage For Certain Loss Mitigation Measures. When the insurance under this **policy** covers a **building**, reasonable expenses incurred by the Insured for the purchase of the following items are also covered, in an aggregate amount not to exceed \$750.00:

1. Sandbags, including sand to fill them and plastic sheeting and lumber used in connection with them;
2. Fill for temporary levees;
3. Pumps; and
4. Wood;

all for the purpose of saving the **building** due to the imminent danger of a **flood** loss, including the value of the Insured's own labor at prevailing Federal minimum wage rates.

For reimbursement under this paragraph C. to apply, the following conditions must be met:

- a. The insured property must be in imminent danger of sustaining **flood** damage; and
- b. The threat of **flood** damage must be of such imminence as to lead a person of common prudence to apprehend **flood** damage; and
- c. A general and temporary condition of flooding in the area must occur, even if the flooding does not reach the insured property, or a legally authorized official must issue an evacuation order or other civil order for the community in which the insured property is located calling for measures to preserve life and property from the peril of **flood**.

The **policy's building** deductible amount, as provided for at Article 7, shall not be applied to this reimbursement, but shall be applied to any other benefits under the **policy's building** coverage.

ARTICLE 6 - PROPERTY NOT COVERED

This **policy** shall not cover any of the following:

A. Valuables and commercial property, meaning:

1. Accounts, bills, currency, deeds, evidences of debt, money, coins, medals, postage stamps, securities, bullion, manuscripts, other valuable papers or records, and personal property used in a business.
2. Personal property used in connection with any incidental commercial occupancy or use of the **building**.

B. Property over water or in the open, meaning:

1. A **building** and personal property in the **building** located entirely in, on, or over water or seaward of mean high tide, if the **building** was newly constructed or substantially improved on or after October 1, 1982.

2. Personal property in the open.

C. Structures other than buildings, including:

1. Fences, retaining walls, seawalls, bulkheads, wharves, piers, bridges, and docks.

2. Indoor and outdoor swimming pools.

3. Open structures and personal property located in, on, or over water, including boat houses or any structure or **building** into which boats are floated.

4. Underground structures and equipment, including wells, septic tanks and septic systems.

D. Other real property, including:

1. Land, land values, lawns, trees, shrubs, plants, and growing crops.
2. Those portions of walks, walkways, decks, driveways, patios, and other surfaces, all whether covered or not and all of whatever kind of construction, located outside the perimeter, exterior walls of the insured **building**.

E. Other personal property, meaning:

1. Animals, livestock, birds, and fish.
2. Aircraft.

3. Any self-propelled vehicle or machine and motor vehicle (other than motorized equipment pertaining to the service of the described unit or building, operated principally on the premises of the Insured, and not licensed for highway use) including their parts and equipment.

4. Trailers on wheels and other recreational vehicles whether affixed to a permanent foundation or on wheels.

5. Watercraft including their furnishings and equipment.

6. Personal property owned by or in the care, custody or control of a unit owner, except for the property described in Article 4 under "COVERAGE B - PERSONAL PROPERTY", paragraph B. of this policy.

F. Basements, building enclosures lower than the elevated floors of elevated buildings, and personal property, as follows:

1. In a **special hazard area**, at an elevation lower than the lowest elevated floor of an **elevated Post-FIRM building**, including a **manufactured (i.e., mobile) home**:

a. Personal property.

b. **Building** enclosures, equipment, machinery, fixtures and components, except for the required utility connections and the footings, foundation, posts, pilings, piers or other foundation walls and anchorage system as required for the support of the **building**.

2. In a **basement** as defined in Article 2:

a. Personal property.

b. **Building** equipment, machinery, fixtures and components, including finished walls, floors, ceilings and other improvements, except for the required utility connections, fiberglass insulation, drywalls and sheetrock walls, and ceilings but only to the extent of replacing drywalls and sheetrock walls in an unfinished manner (i.e., nailed to framing but not taped, painted, or covered).

3. Provided, with regard to both 1. and 2., above, the following **building** and personal property items connected to a power source and installed in their functioning location are covered so long as the Insured has purchased building and personal property coverage, as appropriate:

- o Sump pumps
- o Well water tanks and pumps
- o Oil tanks and the oil in them
- o Cisterns and the water in them
- o Natural gas tanks and the gas in them
- o Pumps and/or tanks used in conjunction with solar energy
- o Furnaces

- o Hot water heaters
- o Clothes washers and dryers
- o Food freezers and the food in them
- o Air conditioners
- o Heat pumps
- o Electrical junction and circuit breaker boxes
- o Stairways and staircases attached to the **building** which are not separated from the **building** by elevated walkways
- o Clean-up
- o Elevators, dumbwaiters, and relevant equipment, except for such relevant equipment located below the **base flood** elevation if such relevant equipment was installed on or after October 1, 1987.

G. Property below ground, meaning a **building** or unit and its contents, including personal property and machinery and equipment, which are part of the **building** or unit, where more than 49 percent of the **actual cash value** of such **building** or unit is below ground, unless the lowest level is at or above the **base flood** elevation (in the Regular Program) or the adjacent ground level (in the Emergency Program) by reason of earth having been used as an insulation material in conjunction with energy efficient building techniques.

H. Certain manufactured homes, meaning a **manufactured (i.e., mobile) home** located or placed within a FEMA designated **Special Hazard Area** that is not anchored to a permanent foundation to resist flotation, collapse, or lateral movement:

1. By over-the-top or frame ties to ground anchors; or
2. In accordance with manufacturer's specifications; or
3. In compliance with the community's floodplain management requirements;

unless it is a **manufactured (i.e., mobile) home** on a permanent foundation continuously insured by the **National Flood Insurance Program** at the same site at least since September 30, 1982.

I. **Containers** such as but not limited to gas tanks or liquid tanks.

J. **Buildings and their contents made ineligible** for flood insurance pursuant to the provisions of the Coastal Barrier Resources Act, 16 U.S.C. 3501 et seq., and the Coastal Barrier Improvement Act of 1990, Pub. L. 101-591, 16 U.S.C. 3501 et seq.

K. **Residential condominium buildings** and their contents owned by the Insured as a tenant in common with others under a **condominium** form of ownership and any **building** components and contents owned solely by the Insured in connection with a **residential condominium building** in a **Regular Program** community.

ARTICLE 7 - DEDUCTIBLES

A. Each loss to the insured property is subject to a deductible provision under which the Insured bears a portion of the loss before payment is made under the policy.

B. The loss deductible shall apply separately to each building and personal property coverage loss including, as to each, any appurtenant structure loss and debris removal expense.

C. For any flood insurance policy issued or renewed for a property located in an Emergency Program community or for any property located in a Regular Program community in Zones A, AO, AH, A1-30, AE, VO, V1-30, VE, or V where the rates available for buildings built before the effective date of the initial Flood Insurance Rate Map or December 31, 1974, whichever is later, are used to compute the premium, the amount of the deductible for each loss occurrence is determined as follows: The Insurer shall be liable only when

such loss exceeds \$750.00, or the amount of any higher deductible which the Insured selected when it applied for this policy or subsequently by endorsement.

D. For policies other than those described in paragraph C. above, the amount of the deductible for each loss occurrence is determined as follows: The Insurer shall be liable only when such loss exceeds \$500.00, or the amount of any higher deductible which the Insured selected when it applied for this policy or subsequently by endorsement.

E. Notwithstanding the applicable deductible in paragraphs C. or D. above, an additional deductible in the sum of \$250.00 shall apply separately to each building and contents loss before payment is made under the policy for land subsidence, sewer backup, or seepage of water as provided for in Article 3, paragraph B.3.

ARTICLE 8 - GENERAL CONDITIONS AND PROVISIONS

A. **Pair and Set Clause:** If there is loss of an article which is part of a pair or set, the measure of loss shall be a reasonable and fair proportion of the total value of the pair or set, giving consideration to the importance of said article, but such loss shall not be construed to mean total loss of the pair or set.

B. **Concealment, Fraud:** This policy shall be void, nor can this policy be renewed or any new flood insurance coverage be issued to the Insured if any person insured under Article 1, paragraph A., whether before or after a loss, has:

1. Sworn falsely, or willfully concealed or misrepresented any material fact; or
2. Done any fraudulent act concerning this insurance (see paragraph E.1.d. below); or
3. Willfully concealed or misrepresented any fact on a "Recertification Questionnaire," which causes the Insurer to issue a policy based on a premium amount which is less than

the premium amount which would have been payable were it not for the misstatement of fact (see paragraph F. below).

C. **Other Insurance:** If a loss covered by this policy is also covered by other insurance, whether collectible or not, the Insurer will pay only the proportion of the loss that the limit of liability that applies under this policy bears to the total amount of insurance covering the loss, provided, if at the time of loss, there is other insurance made available under the Act, in the name of a unit owner which provides coverage for the same loss covered by this policy, this policy's coverage shall be primary and not contributing with such other insurance.

D. **Amendments and Waivers, Assignment:** This Standard Flood Insurance Policy cannot be amended nor can any of its provisions be waived without the express written consent of the Federal Insurance Administrator. No action the Insurer takes under the terms of this policy can constitute a waiver of any of its rights. Except in the case of 1. a contents only

policy and 2. a policy issued to cover a building in the course of construction, assignment of this policy, in writing, is allowed upon transfer of title.

E. Voidance, Reduction or Reformation of the Coverage:

1. **Voidance:** This policy shall be void and of no legal force and effect in the event that any one of the following conditions occurs:

a. The property listed on the application is not eligible for coverage, in which case the policy is void from its inception;

b. The community in which the property is located was not participating in the National Flood Insurance Program on the policy's inception date and did not qualify as a participating community during the policy's term and before the occurrence of any loss;

c. If, during the term of the policy, the participation in the National Flood Insurance Program of the community in which the property is located ceases, in which case the policy shall be deemed void effective at the end of the last day of the policy year in which such cessation occurred and shall not be renewed.

In the event the voided policy included 3 policy years in a contract term of 3 years, the Insured shall be entitled to a pro-rata refund of any premium applicable to the remainder of the policy's term;

d. In the event any Insured or its agent has:

(1) sworn falsely; or

(2) fraudulently or willfully concealed or misrepresented any material fact including facts relevant to the rating of this policy in the application for coverage, or upon any renewal of coverage, or in connection with the submission of any claim brought under the policy, in which case this entire policy shall be void as of the date the wrongful act was committed or from its inception if this policy is a renewal policy and the wrongful act occurred in connection with an application for or renewal or endorsement of a policy issued to the Insured in a prior year and affects the rating of or premium amount received for this policy. Refunds of premiums, if any, shall be subject to offsets for the Insurer's administrative expenses (including the payment of agent's commissions for any voided policy year) in connection with the issuance of the policy;

e. The premium submitted is less than the minimum set forth in 44 CFR 61.10 in connection with any application for a new policy or policy renewal, in which case the policy is void from its inception date.

2. **Reduction of Coverage Limits or Reformation:** In the event that the premium payment is not sufficient (whether

evident or not) to purchase the amount of coverage requested by an application, renewal, endorsement, or other form and paragraph E.1.d. does not apply, then the policy shall be deemed to provide only such coverage as can be purchased for the entire term of the policy, for the amount of premium received, subject to increasing the amount of coverage pursuant to 44 CFR 61.11; provided, however:

a. If the insufficient premium is discovered by the Insurer prior to a loss and the Insurer can determine the amount of insufficient premium from information in its possession at the time of its discovery of the insufficient premium, the Insurer shall give a notice of additional premium due, and if the Insured remits and the Insurer receives the additional premium required to purchase the limits of coverage for each kind of coverage as was initially requested by the Insured within 30 days from the date the Insurer gives the Insured written notice of additional premium due, the policy shall be reformed, from its inception date, or, in the case of an endorsement, from the effective date of the endorsement, to provide flood insurance coverage in the amount of coverage initially requested.

b. If the insufficient premium is discovered by the Insurer at the time of a loss under the policy, the Insurer shall give a notice of premium due, and if the Insured remits and the Insurer receives the additional premium required to purchase (for the current policy term and the previous policy term, if then insured) the limits of coverage for each kind of coverage as was initially requested by the Insured within 30 days from the date the Insurer gives the Insured written notice of additional premium due, the policy shall be reformed, from its inception date, or, in the case of an endorsement, from the effective date of the endorsement, to provide flood insurance coverage in the amount of coverage initially requested.

c. Under subparagraphs a. and b. as to any mortgagee or trustee named in the policy, the Insurer shall give a notice of additional premium due and the right of reformation shall continue in force for the benefit only of the mortgagee or trustee, up to the amount of the Insured's indebtedness, for 30 days after written notice to the mortgagee or trustee.

F. Policy Renewal: The term of this policy commences on its inception date and ends on its expiration date, as shown on the "declarations page" which is attached to the policy. The Insurer is under no obligation to:

1. Send the Insured any renewal notice or other notice that the policy term is coming to an end and the receipt of any such notice by the Insured shall not be deemed to be a waiver of this provision on the Insurer's part.

2. Assure that policy changes reflected in endorsements submitted during the policy term are included in any renewal notice or new policy sent to the Insured. "Policy changes" includes the addition of any increases in the amounts of

coverage.

This **policy** shall not be renewed and the coverage provided by it shall not continue into any successive **policy** term unless the renewal premium payment is received by the Insurer within 30 days of the **expiration date** of this **policy**, subject to paragraph E. above. If the renewal premium payment is mailed by certified mail to the Insurer prior to the **expiration date**, it shall be deemed to have been received within the required 30 days. The coverage provided by the renewal **policy** is in effect for any loss occurring during this 30-day period even if the loss occurs before the renewal premium payment is received, so long as the renewal premium payment is received within the required 30 days. In all other cases, this **policy** shall terminate as of the **expiration date** of the last **policy** term for which the premium payment was timely received and in that event, the Insurer shall not be obligated to provide the Insured with any **cancellation**, **termination**, **policy lapse**, or **policy renewal notice**.

In connection with the renewal of this **policy**, the Insured may be requested during the **policy** term to recertify, on a Recertification Questionnaire the Insurer will provide, the rating information used to rate the most recent **application** for or renewal of insurance.

Notwithstanding the Insured's responsibility to submit the appropriate renewal premium in sufficient time to permit its receipt by the Insurer prior to the expiration of the **policy** being renewed, the Insurer has established a business procedure for mailing renewal notices to assist Insureds in meeting their responsibility. Regarding the business procedure, evidence of the placing of any such notices into the U.S. Postal Service, addressed to the Insured at the address appearing on its most recent **application** or other appropriate form (received by the Insurer prior to the mailing of the renewal notice), does, in all respects, for purposes of the **National Flood Insurance Program**, presumptively establish delivery to the Insured for all purposes irrespective of whether the Insured actually received the notice.

However, in the event the Insurer determines that, through any circumstances, any renewal notice was not placed into the U.S. Postal Service, or, if placed, was prepared or addressed in a manner which the Insurer determines could preclude the likelihood of its being actually and timely received by the Insured prior to the due date for the renewal premium, the following procedures shall be followed:

In the event that the Insured or its agent notified the Insurer, not later than 1 year after the date on which the payment of the renewal premium was due, of a nonreceipt of a renewal notice prior to the due date for the renewal premium, which the Insurer determines was attributable to the above circumstance, the Insurer shall mail a second bill providing a

revised due date, which shall be 30 days after the date on which the bill is mailed.

If the renewal payment requested by reason of the second bill is not received by the revised due date, no renewal shall occur and the **policy** shall remain as an expired **policy** as of the **expiration date** prescribed on the **policy**.

G. Conditions Suspending or Restricting Insurance: Unless otherwise provided in writing added hereto, the Insurer shall not be liable for loss occurring while the hazard is increased by any means within the control or knowledge of the Insured.

H. Liberalization clause: If during the period that insurance is in force under this **policy** or within 45 days prior to the inception date thereof, should FEMA have adopted under the **Act**, any forms, endorsements, rules or regulations by which this **policy** could be extended or broadened, without additional premium charge, by endorsement or substitution of form, then, such extended or broadened insurance shall inure to the benefit of the Insured as though such endorsement or substitution of form had been made. Any broadening or extension of this **policy** to the Insured's benefit shall only apply to losses occurring on or after the effective date of the adoption of any forms, endorsements, rules or regulations affecting this **policy**.

I. Alterations and Repairs: The Insured may, at the Insured's own expense, make alterations, additions and repairs, and complete structures in the course of construction.

J. Cancellation of Policy By Insured: The Insured may cancel this **policy** at any time but a refund of premium money will only be made when:

1. Except with respect to a **condominium building** or a **building** which has a **condominium** form of ownership, the Insured cancels because the Insured has transferred ownership of the insured property to someone else. In this case, the Insurer will refund to the Insured, once the Insurer receives the Insured's written request for **cancellation** (signed by the Insured) the excess of premiums paid by the Insured which apply to the unused portion of the **policy's** term, pro rata but with retention of the **expense constant** and the **Federal policy fee**.

2. The Insured cancels a **policy** having a term of 3 years, on an anniversary date, and the reason for the **cancellation** is that:

a. A **policy** of **flood insurance** has been obtained or is being obtained in substitution for this **policy** and the Insurer has received a written concurrence in the **cancellation** from any mortgagee of which the Insurer has actual notice, or

b. The Insured has extinguished the insured mortgage debt and is no longer required by the mortgagee to maintain the coverage. Refund of any premium, under this subparagraph 2., shall be pro rata but with retention of the **expense constant** and the **Federal policy fee**.

3. The Insured cancels because FEMA has determined that the property is not, in fact, in a **special hazard area**; and the Insured was required to purchase **flood** insurance coverage by a private lender or Federal agency pursuant to P.L. 93-234, § 102 and the lender or agency no longer requires the retention of the coverage. In this event, if no claims have been paid or are pending, the premium payments will be refunded in full, according to applicable **National Flood Insurance Program** regulations.

K. Loss Clause: Payment of any loss under this policy shall not reduce the amount of insurance applicable to any other loss during the policy term which arises out of a separate occurrence of the peril insured against hereunder; provided, that all loss arising out of a continuous or protracted occurrence shall be deemed to constitute loss arising out of a single occurrence.

L. Mortgage Clause: (Applicable to building coverage only and effective only when the policy is made payable to a mortgagee or trustee named in the application and declarations page attached to this policy or of whom the Insurer has actual notice prior to the payment of loss proceeds under this policy.)

Loss, if any, under this policy, shall be payable to the aforesaid as mortgagee or trustee as interest may appear under all present or future mortgages upon the property described in which the aforesaid may have an interest as mortgagee or trustee, in order of precedence of said mortgages, and this insurance, as to the interest of the mortgagee or trustee only therein, shall not be invalidated:

1. By any act or neglect of the mortgagor or owner of the described property; nor
2. By any foreclosure or other proceedings or notice of sale relating to the property; nor
3. By any change in the title or ownership of the property; nor
4. By the occupation of the premises for purposes more hazardous than are permitted by this policy, provided, that in case the mortgagor or owner shall neglect to pay any premium due under this policy, the mortgagee or trustee shall, on demand, pay the same.

Provided, also, that the mortgagee or trustee shall notify the Insurer of any change of ownership or occupancy of the

building or increase of hazard which shall come to the knowledge of said mortgagee or trustee and, unless permitted by this policy, it shall be noted thereon and the mortgagee or trustee shall, on demand, pay the premium for such increased hazard for the term of the use thereof; otherwise, this policy shall be null and void.

If this policy is cancelled by the Insurer, it shall continue in force for the benefit of the mortgagee or trustee for 30 days after written notice to the mortgagee or trustee of such cancellation and shall then cease.

Whenever the Insurer shall pay the mortgagee or trustee any sum for loss under this policy and shall claim that, as to the mortgagor or owner, no liability therefor existed, the Insurer shall, to the extent of such payment, be thereupon legally subrogated to all the rights of the party to whom such payment shall be made, under all securities held as collateral to the mortgage debt, or may, at its option, pay to the mortgagee or trustee the whole principal due or to grow due on the mortgage with interest, and shall thereupon receive a full assignment and transfer of the mortgage and of all such other securities, but no subrogation shall impair the right of the mortgagee or trustee to recover the full amount of said mortgagee's or trustee's claim.

M. Mortgagee Obligations: If the Insured fails to render proof of loss, the named mortgagee or trustee, upon notice, shall render proof of loss in the form herein specified within 60 days thereafter and shall be subject to the provisions of this policy relating to appraisal and time of payment and of bringing suit.

N. Loss Payable Clause (Applicable to contents items only): Loss, if any, shall be adjusted with the Insured and shall be payable to the Insured and loss payee as their interests may appear.

O. Requirements in Case of Loss: Should a flood loss occur to the insured property, the Insured must:

1. Notify the Insurer in writing as soon as practicable;
2. As soon as reasonably possible, separate the damaged and undamaged property, putting it in the best possible order so that the Insurer may examine it; and
3. Within 60 days after the loss, send the Insurer a proof of loss, which is the Insured's statement as to the amount it is claiming under the policy signed and sworn to by the Insured and furnishing the following information:
 - a. The date and time of the loss;
 - b. A brief explanation of how the loss happened;

c. The Insured's interest in the property damaged (for example, "owner") and the interests, if any, of others in the damaged property;

d. The **actual cash value** of each damaged item of insured property and the amount of damages sustained;

e. The names of mortgagees or anyone else having a lien, charge or claim against the insured property;

f. Details as to any other contracts of insurance covering the property, whether valid or not;

g. Details of any changes in ownership, use, occupancy, location or possession of the insured property since the policy was issued;

h. Details as to who occupied any insured **building** at the time of loss and for what purpose; and

i. The amount the Insured claims is due under this policy to cover the loss, including statements concerning:

(1) The limits of coverage stated in the policy; and

(2) The cost to repair or replace the damaged property (whichever costs less).

4. Cooperate with the Insurer's adjuster or representative in the investigation of the claim;

5. Document the loss with all bills, receipts, and related documents for the amount being claimed;

6. The insurance adjuster whom the Insurer hires to investigate the claim may furnish the Insured with a proof of loss form, and she or he may help the Insured to complete it. However, this is a matter of courtesy only, and the Insured must still send the Insurer a proof of loss within 60 days after the loss even if the adjuster does not furnish the form or help the Insured complete it. In completing the proof of loss, the Insured must use its own judgment concerning the amount of loss and the justification for the amount.

The adjuster is not authorized to approve or disapprove claims or to tell the Insured whether the claim will be approved by the Insurer.

7. The Insurer may, at its option, waive the requirement for the completion and filing of a proof of loss in certain cases, in which event the Insured will be required to sign and, at the Insurer's option, swear to an adjuster's report of the loss which includes information about the loss and the damages needed by the Insurer in order to adjust the claim.

8. Any false statements made in the course of presenting a

claim under this policy may be punishable by fine or imprisonment under the applicable Federal laws.

P. Options After a Loss: Options the Insurer may, in its sole discretion, exercise after loss include the following:

1. Evidence of Loss: If the Insurer specifically requests it, in writing, the Insured may be required to furnish a complete inventory of the destroyed, damaged and undamaged property, including details as to quantities, costs, **actual cash values**, amount of loss claims, and any written plans and specifications for repair of the damaged property which can reasonably be made available to the Insurer.

2. Examination Under Oath and Access to the Condominium Association's Articles of Association or Incorporation, Property Insurance Policies, and Other Condominium Documents: The Insurer may require the Insured to:

a. Show the Insurer, or its designee, the damaged property;

b. Be examined under oath by the Insurer or its designee;

c. Sign any transcripts of such examinations; and

d. At such reasonable times and places as the Insurer may designate, permit the Insurer to examine and make extracts and copies of any condominium documents, including the Articles of Association or Incorporation, Bylaws, rules and regulations, Declarations of the condominium, property insurance policies, and other condominium documents; and all books of accounts, bills, invoices and vouchers, or certified copies thereof if the originals are lost, pertaining to the damaged property.

3. Options to Repair or Replace: The Insurer may take all or any part of the damaged property at the agreed or appraised value and, also, repair, rebuild or replace the property destroyed or damaged with other of like kind and quality within a reasonable time, on giving the Insured notice of the Insurer's intention to do so within 30 days after the receipt of the proof of loss herein required under paragraph O. above.

4. Adjustment Options: The Insurer may adjust loss to any insured property of others with the owners of such property or with the Insured for their account. Any such insurance under this policy shall not inure directly or indirectly to the benefit of any carrier or other bailee for hire.

Q. When Loss Payable: Loss is payable within 60 days after the Insured files its proof of loss (or within 90 days after the insurance adjuster files an adjuster's report signed and sworn to by the Insured in lieu of a proof of loss) and ascertainment of the loss is made either by agreement between the Insured and the Insurer in writing or by the filing with the Insurer of an award as provided in paragraph S. below.

If the Insurer rejects the Insured's proof of loss in whole or in part, the Insured may accept such denial of its claim, or exercise its rights under this **policy**, or file an amended proof of loss as long as it is filed within 60 days of the date of the loss or any extension of time allowed by the Insurer.

R. Abandonment: The Insured may not abandon damaged or undamaged insured property to the Insurer.

However, the Insurer may permit the Insured to keep damaged, insured property ("salvage") after a loss and reduce the amount of the loss proceeds payable to the Insured under the **policy** by the value of the salvage.

S. Appraisal: In case the Insured and the Insurer shall fail to agree as to the **actual cash value** of the amount of loss, then:

1. On the written demand of either the Insurer or the Insured, each shall select a competent and disinterested appraiser and notify the other of the appraiser selected within 20 days of such demand.

2. The appraisers shall first select a competent and disinterested umpire and failing, after 15 days, to agree upon such umpire, then on the Insurer's request or the Insured's request, such umpire shall be selected by a judge of a court of record in the State in which the insured property is located.

3. The appraisers shall then appraise the loss, stating separately **actual cash value** and loss to each item; and, failing to agree, shall submit their differences, only, to the umpire.

4. An award in writing, so itemized, of any two (appraisers or appraiser and umpire) when filed with the Insurer shall determine the amount of **actual cash value** and loss.

5. Each appraiser shall be paid by the party selecting him or her and the expenses of appraisal and umpire shall be paid by both parties equally.

T. Action Against the Insurer: No suit or action on this **policy** for the recovery of any claim shall be sustainable in any court of law or equity unless all the requirements of this **policy** shall have been complied with, and unless commenced within 12 months next after the date of mailing of notice of disallowance or partial disallowance of the claim. An action on such claim against the Insurer must be instituted, without regard to the amount in controversy, in the United States District Court for the district in which the property shall have been situated.

U. Subrogation: In the event of any payment under this **policy**, the Insurer shall be subrogated to all the Insured's rights of recovery therefor against any party, and the Insurer

may require from the Insured an assignment of all rights of recovery against any party for loss to the extent that payment therefor is made by the Insurer. The Insured shall do nothing after loss to prejudice such rights; however, this insurance shall not be invalidated should the Insured waive in writing prior to a loss any or all rights of recovery against any party for loss occurring to the described property.

V. Continuous Lake Flooding: Where the insured building has been inundated by rising lake waters continuously for 90 days or more and it appears reasonably certain that a continuation of this flooding will result in damage, reimbursable under this **policy**, to the insured building equal to or greater than the **building policy** limits plus the deductible(s) or the maximum payable under the **policy** for any one **building** loss, the Insurer will pay the Insured the lesser of these two amounts without waiting for the further damage to occur if the Insured signs a release agreeing to:

1. Make no further claim under this **policy**; and
2. Not seek renewal of this **policy**; and
3. Not apply for any flood insurance under the Act for property at the property location of the insured building.

If the **policy** term ends before the insured building has been flooded continuously for 90 days, the provisions of this paragraph V. still apply so long as the first **building** damage reimbursable under this **policy** from the continuous flooding occurred before the end of the **policy** term.

W. Duplicate Policies Not Allowed: Property may not be insured under more than one **policy** issued under the Act. When the Insurer finds that duplicate **policies** are in effect, the Insurer shall by written notice give the Insured the option of choosing which **policy** is to remain in effect, under the following procedures:

1. If the Insured chooses to keep in effect the **policy** with the earlier effective date, the Insurer shall by the same written notice give the Insured an opportunity to add the coverage limits of the later **policy** to those of the earlier **policy**, as of the effective date of the later **policy**.
2. If the Insured chooses to keep in effect the **policy** with the later effective date, the Insurer shall by the same written notice give the Insured the opportunity to add the coverage limits of the earlier **policy** to those of the later **policy**, as of the effective date of the later **policy**.

In either case, the Insured must pay the pro rata premium for the increased coverage limits within 30 days of the written notice. In no event shall the resulting coverage limits exceed the statutorily permissible limits of coverage under the Act or the Insured's insurable interest, whichever is less.

The Insurer shall make a refund to the Insured, according to applicable **National Flood Insurance Program** rules, of the premium for the policy not being kept in effect.

For purposes of this paragraph W., the term "effective date" means the date coverage that has been in effect without any

lapse was first placed in effect. In addition to the provisions of this paragraph W. for increasing **policy** limits, the usual procedures for increasing limits by mid-term endorsement or at renewal time, with the appropriate waiting period, are applicable to the **policy** the Insured chooses to keep in effect.

ARTICLE 9 - WHAT LAW GOVERNS

This **policy** is governed by the **flood** insurance regulations, issued by **FEMA**, the National Flood Insurance Act of 1968, as

amended (42 U.S.C. 4001, et seq.) and Federal common law.

ARTICLE 10 - MUTUAL POLICY CONDITIONS

This policy is issued by a mutual Company having special regulations lawfully applicable to its organization, memberships, policies or contracts of insurance, of which the following shall apply to and form a part of this policy:

By virtue of this policy, the policyholder is a member of the Company and is entitled to vote, in person or by proxy, at all

meetings of the Company. The annual meetings of the Company are held at its home office at Lansing, Michigan, on the second Monday in May in each year, at 10:00 o'clock A.M.

This policy is Nonassessable. The holder of this policy is not subject to any contingent liability, or liable to assessment.

IN WITNESS WHEREOF, the insurer has executed and attested these presents.

Secretary

President

PROCEDURES IN CASE OF A FLOOD

We offer the following as guidelines if you are in doubt as to what action is needed for the protection of you and your family. As needed, consult local disaster officials.

- Protect the flooded property - both building and contents - from further damage, if at all possible;
- Please notify your insurance agent as soon as possible after the flood;
- Remind your agent to assign the claim to an approved claims adjuster located in your community;
- Determine the claims adjuster assigned to your claim and contact him if you have not been contacted within 24 hours after you reported the claim to your insurance agent;
- As soon as possible separate the damaged property from undamaged property and store all property so it can be inspected and evaluated;
- In order to help the claims adjuster, try to take pictures of the outside of the premises showing the flooding and the damage and similar pictures of the inside of the premises showing the height of the water and the damaged property;
- Place all books, records, receipts and any other loss verification material in a safe place for examination and evaluation by the claims adjuster;
- Work cooperatively and promptly with the claims adjuster to determine and document all claims items. Be prepared to advise the claims adjuster of the cause and responsible party(ies), if the flood was caused by other than natural cause;
- Make certain the claims adjuster fully explains all allowances and procedures for processing claims payments, based on your Proof of Loss which the policy requires you to send Auto-Owners Insurance within 60 days of the loss; and
- Discuss with the adjuster any need you may have for an advance partial payment of your loss.
- Any and all coverage problems and claims allowance restrictions must be communicated directly from Auto-Owners Insurance - claims adjusters have no authority to approve or deny claims and only report to us on the elements of flood cause and damage.

If you have any questions or need claims reporting assistance - call your local Auto-Owners agent.

For reference purposes, please list your agency's name and phone number below.

Agency _____ Phone Number _____