

INSURANCE COMPANIES

Members of

Texas Windstorm Insurance Association

5700 South MoPac Expressway, Building E, Suite 530, Austin, Texas 78749

P.O. Box 99090, Austin, Texas 78709-9090

512-899-4900 / Fax 512-899-4950

TEXAS SPECIAL MOBILE HOME Windstorm and Hail Insurance Policy Deductible Coverage

A list of all companies participating in the Association is on file in the office of the Texas Department of Insurance and a copy may be obtained on request.

THIS POLICY JACKET WITH THE COMMON DECLARATIONS PAGE, COVERAGE PARTS, AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETES THIS POLICY.

THIS POLICY DOES NOT PROVIDE FLOOD OR WAVE WASH COVERAGE. CONSULT YOUR AGENT FOR AVAILABILITY OF FLOOD COVERAGE.

TEXAS WINDSTORM INSURANCE ASSOCIATION

IMPORTANT NOTICE

To obtain information or make a complaint:

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

1-800-788-8247

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) 475-1771
Web: <http://www.tdi.state.tx.us>
E-mail: ConsumerProtection@tdi.state.tx.us

To obtain price and policy form comparisons and other information relating to residential property insurance and personal automobile insurance, you may visit the Texas Department of Insurance/Office of Public Insurance Counsel website:

www.helpinsure.com

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 informacion o para someter una queja:

Usted pueda llamar al numero de telefono gratis de la compania para information o para someter una queja al

1-800-788-8247

Pueda comunicarse con el Departamento de Seguros de Texas para obtener informacion acerca de companias, coberturas, derechos o quejas al

1-800-252-3439

Pueda escribir al Departamento de Seguros de Texas

P.O. Box 149104
Austin, TX 78714-9104
FAX # (512) 475-1771
Web: <http://www.tdi.state.tx.us>
E-mail: ConsumerProtection@tdi.state.tx.us

Para obtener formas de comparacion de precios y poliza y otra informacion acerca del seguro de propiedad residencial y del seguro de autom6vil, visite el sitio web del Departamento de Seguros de Texas y la Oficina del Asesor Publico de Seguros:

www.helpinsure.com

DISPUTAS SOBRE PRIMAS O RECLAMOS:

Si tiene una disputa concerniente a su prima o a un reclamo, debe comunicarse con el agente o la compania primero. Si no se resuelve la disputa, pueda entonces comunicarse con el departamento (TDI).

UNA ESTE AVISO A SU POLIZA: Este aviso es solo para proposito de informacion y no se convierte en parte o condicion del documento adjunto.

PART TWO —

SECTION 1

DEFINITIONS

BUILDING- Insurance on a building shall include everything which is legally a part of the building, except machinery which is not used solely in the service of the building and subject to the "Specific Coverage Conditions" set out in Section III below.

HOUSEHOLD GOODS —Insurance on household goods shall include all personal property, usual to a residence, of the insured and his family subject to the "Con-

ditions applicable Only to Household Goods" as set out in the "Specific Coverage Conditions". Section III below.

EXCESS INSURANCE- Excess insurance provided herein shall not apply until all other insurance which would attach in the absence of this insurance is exhausted.

BUSINESS DAY-Business day when used in this policy, means a day other than Saturday, Sunday or holiday recognized by the State of Texas.

SECTION II

SPECIAL CONDITIONS

UNEARNED PREMIUM CLAUSE- If a loss is paid under this policy, this insurance shall indemnify the insured for loss of the pro rata unearned premium on the amount of such loss payment. This Association, however may elect by written notice within sixty days after date of loss to reinstate this policy in the amount of such loss and, in consideration of such reinstatement, make no payment to the insured as provided by this clause.

DEDUCTIBLES APPLICABLE SEPARATELY TO EACH ITEM OF INSURANCE- With respect to loss to any building hereunder or insured property contained in the

building, this Association shall be liable only for the amount of loss in any one occurrence which is in excess of (a) \$250 or (b) (i) 2% of the amount of insurance for property located seaward of the Intracoastal Canal and not protected by an appropriate seawall or (ii) 1% of the amount of insurance from property located inland of the Intracoastal Canal or seaward of the Intracoastal Canal and protected by an appropriate seawall under this policy applying to the property insured, whichever is the greater.

The provisions of this deductible shall apply separately to each item on insurance covering buildings or household goods.

SECTION III

SPECIFIC COVERAGE CONDITIONS

Mold, Fungi, or Other Microorganisms: **This Association shall not be liable for** loss or damage caused by or resulting from fungi or mold and other microorganisms.

- a. "Fungi or mold and other microorganisms" when used in the policy or in this exclusion means the presence, growth, proliferation, spread or any activity of fungi or mold and other microorganisms.

This exclusion also applies to the cost:

- (1) To remove fungi or mold and other microorganisms from covered property covered under this Texas Windstorm Insurance Association policy.
 - (2) To tear out and replace any part of the building or other covered property as needed to gain access to the fungi or mold and other microorganisms; and
 - (3) Of testing of air or property to confirm the absence, presence or level of fungi or mold and other microorganisms;
- b. This exclusion applies unless the fungi or mold and other microorganisms are located upon the portion of covered property which must be repaired or replaced because of sudden and accidental direct physical damage resulting from wind or hail which would otherwise be covered under this policy. For purposes of this exclusion, sudden and accidental shall include a loss event that is hidden or concealed for a period of time until it is detectable. A hidden loss must be reported to us no later than 30 days after the date it was detected or should have been detected.
- c. However, the exception to the exclusion described in "b." above does not include:
- (1) The cost to treat, contain, remove or dispose of the fungi or mold and other microorganisms beyond that which is required to repair or replace the covered property physically damaged by water;
 - (2) the cost of any testing of air or property to confirm the absence, presence or level of fungi, mold and other microorganisms whether performed prior to, during or after the removal, repair, restoration or replacement;
 - (3) the cost of any decontamination of the covered property covered under this Texas Windstorm Insurance Association policy;
 - (4) any increase in loss under this Texas Windstorm Insurance Association policy related to loss of use, debris removal, additional living expense, or diminution in value resulting from c. (1), (2), and (3).

Asbestos: This Association shall not be liable for any loss or damage caused by or resulting from asbestos. We do cover direct physical loss caused by windstorm or hail to covered property containing asbestos materials; however, we do not cover the additional cost or expense to test for, monitor, clean up, remove, contain, treat, abate or assess the effects of asbestos or asbestos-containing materials.

This Association shall not be liable for loss or damage to (a) awnings, carports and patio covers, whether permanently attached or not; (b) outdoor radio or television antennas or satellite signal receiving equipment including their lead-in wiring, masts or towers; (c) fences; (d) seawalls, property line and similar walls; (e) greenhouses, hot houses, slathouses, trellises, pergolas, or cabanas; (f) wharfs, docks, piers, boathouses, bulkheads or other structures located over or partially over water and the property therein or thereon; (g) lawns, trees, shrubs or plants; (h) patio covers, screening and supports enclosing or partially enclosing pools, patios or other areas, whether a separate structure or attached to a building; however, with reference to exclusion (i) above, nothing therein shall be construed to exclude loss to screening and supports of porches which are a part of a building; (j) paint or waterproofing material applied to the exterior of the buildings or structures covered hereunder.

This Association shall not be liable under any and all circumstances for loss or damage caused by (a) blizzard or change in temperature; (b) sand or dust; (c) snow storm; (d) flood; (e) surface water; (f) waves; (g) storm surge; (h) tides; (i) tidal water; (j) tidal waves; (k) tsunami; (l) seiche; (m) or overflow of streams or other bodies of water, or spray from any of these, all whether driven by wind or not; nor for (n) explosion; (o) nor for any loss or damage caused by rain, whether driven by wind or not, unless the wind or hail shall first make an opening in the walls or roof of the described building, and shall then be liable only for loss to the interior of the building, or the insured property therein, caused immediately by rain entering the building through such openings.

This Association shall not be liable under this Coverage for damages caused by ensuing fire.

Liability under this policy shall not exceed the lesser of (a) the difference between the actual cash value of the property immediately before the loss, ascertained with proper deduction for depreciation, and its actual cash value immediately after the loss; (b) the amount it would cost to repair or replace the property with material of like kind and quality, ascertained with proper deduction for depreciation, within a reasonable time after the loss, without allowance for any increased cost of repair or reconstruction by reason of any ordinance or law regulating construction or repair, and without compensation for loss resulting from interruption of business or manufacture; or (c) the interest of the insured, or the specific amounts shown under "Amount of Insurance;" and the liability thus determined shall, in addition, be subject to all provisions, conditions, deductions, and limitations contained in this policy.

In any loss involving part of a pair, set, or series of objects, pieces or panels, (whether interior or exterior), the measure of loss shall be determined by reference to: (1) a fair and reasonable proportion of the part of the total value

of the pair, set or series; or (2) the reasonable cost of repairing or replacing the damaged part so as to match the remainder as closely as reasonably possible under the circumstances; or (3) the reasonable cost of providing a reasonably acceptable alternative decorative effect or utilization; as the circumstances may warrant. The Association does not guarantee the availability of parts or replacements and shall not, in the event of such damage to or loss of a part, be obligated for the value of, or to repair or replace, the entire pair, set or series.

CONDITIONS APPLICABLE ONLY TO HOUSEHOLD GOODS- The Association shall not be liable on any one loss with respect to personal effects for more than \$250

on money, coin collections, or other numismatic property and paraphernalia; gold bullion; silver bullion; passports; airline, railroad and other tickets; securities, manuscripts, stamps or other philatelic property and paraphernalia; any one article of jewelry including, but without being limited to, watches, necklaces, bracelets, gems, precious and semi-precious stones, and articles of gold and platinum; art, including, but without being limited to, paintings, sculptures, drawings, etchings, ceramics and china; heirlooms; furs including any article containing fur which represents its principal value; or guns.

ATTACH FORMS AND ENDORSEMENTS HERE

SECTION IV

BASIC CONDITIONS

- 1 **Concealment, fraud.** This entire policy shall be void if, whether before or
2 after a loss, the insured has willfully concealed or mis-
3 represented any material fact or circumstances concern-
4 ing this insurance, or the subject thereof, or the interest of the insured
5 therein, or in case of any fraud or false swearing by the insured relating
6 thereto.
- 7 **Excepted property.** This policy shall not cover accounts, money, currency,
8 securities, deeds, or evidences of debt; nor, unless spec-
9 ically named hereon, records and books of records
10 (except for their physical value in blank), manuscripts, bullion, animals,
11 motor vehicles, watercraft (unless inside the building described herein) or
12 aircraft.
- 13 **Hazards not included.** This Association shall not be liable for loss by Perils
14 insured against in this policy caused, directly or in-
15 directly, by: (a) enemy attack by armed forces, in-
16 cluding action taken by military, naval, or air forces in resisting an actual
17 or an immediately impending enemy attack; (b) invasion; (c) insurrection;
18 (d) rebellion; (e) revolution; (f) civil war; (g) usurped power; (h) order
19 of any civil authority; (i) neglect of the insured to use all reasonable means
20 to save and preserve the property at and after a loss.
- 21 **Conditions suspending or restricting insurance.** Unless otherwise provided in writing added hereto,
22 this Association shall not be liable for loss occurring
23 following a change in ownership of the insured prop-
24 erty; or while any other stipulation or condition of
25 this policy is being violated.
- 26 **Changes or additions.** Changes in this policy may be made only by written
27 endorsement properly executed by an authorized repre-
28 sentative of this Association and attached hereto. The
29 insured's local recording agent is not an authorized representative of this
30 Association.
- 31 **Cancellation of policy or reduction in amount of insurance.** This policy may be cancelled at any time at the request
32 of the insured, in which case this Association shall,
33 upon demand and surrender of this policy, refund the
34 excess of paid premiums above the customary short
35 rates for the expired time, provided, however, that
36 the premium shall be fully earned if the insured
37 retains an interest in the property covered at the location described.
38 The amount of insurance under this policy may be reduced at any time at
39 the request of the insured, in which case this Association shall, upon de-
40 mand, refund the excess of paid premiums above the customary short rates
41 for the expired time for the amount of the reduction; provided, however,
42 that the premium paid shall be fully earned to the extent that the insured
43 retains an interest in the property covered at the location described.
44 This policy may be cancelled by this Association by giving the insured
45 14 days written notice of cancellation. Such notice shall state that the pro
46 rata unearned paid premium, if not tendered, will be refunded on demand.
- 47 **Pro rata liability.** This Association shall not be liable for a greater propor-
48 tion of any loss than the amount hereby insured shall
49 bear to the whole insurance covering the property
50 against the Peril involved, whether collectible or not; except if any glass
51 or article or piece of personal property, covered hereunder by a general
52 Item (i.e., one covering several articles), is insured specifically (without
53 an excess provision) under this, or any other policy, then such general Item
54 shall apply as excess over the specific insurance and pay only for any
55 actual loss sustained over the amount of specific insurance.
- 56 **Duties after loss.** A. In case of a loss to covered property caused by a peril
57 insured against, the insured must:
58 1. give immediate written notice to this Association
59 of the facts related to the claim.
60 2. a. protect the property from further damage.
61 b. make temporary repairs to protect the property.
62 c. keep an accurate record of repair expenses.
- 63 3. furnish a complete inventory of damaged personal property showing the
64 quantity, description and amount of loss. Attach all bills, receipts and re-
65 lated documents which the insured has that justify the figures in the
66 inventory.
67 4. as often as the Association reasonably requires:
68 a. provide the Association access to the damaged property.
69 b. provide the Association with pertinent records and documents requested
70 and permit copies to be made.
71 c. submit to examination under oath and sign and swear to it.
72 5. upon request, send to this Association a signed sworn proof of loss within 91
73 days of the request on a form supplied by this Association. This Association
74 must request a signed sworn proof of loss within 15 days after receipt of the
75 written notice or this Association waives its right to require a proof of loss.
76 Such waiver will not waive this Association's other rights under this policy.
77 This proof of loss shall state, to the best knowledge and belief of the
78 insured:
79 a. the time and cause of loss.
80 b. the interest of the insured and all others in the property involved including
81 all liens on the property.
82 c. other insurance which may cover the loss.
83 d. the actual cash value of each item of property and the amount of loss to
84 each item.
85 e. the name of the occupant and the occupancy of the building at the time
86 of the loss.
- 87 B. Within 15 days after the Association receives written notice of claim, this Asso-
88 ciation must:
89 1. acknowledge receipt of the claim. If the acknowledgement of the claim is
90 not in writing, this Association will keep a record of the date, method and
91 content of the acknowledgement.
92 2. begin any investigation of the claim.
93 3. specify the information the insured must provide in accordance with item A.
94 above.
95 This association may request more information, if during the investigation of
96 the claim such additional information is necessary.
- 97 C. After this Association receives the information requested, this Association
98 must notify the insured in writing within 15 business days, whether the claim
99 will be paid or has been denied or whether more information is needed.
- 100 D. If this Association does not approve payment of the claim or requires more time
101 for processing the claim, the Association must:
102 1. give the reasons for denying the claim, or
103 2. give the reasons this Association requires additional time to process the
104 claim. But, this Association must either approve or deny the claim within 45
105 days after the request for more time.
- 106 **Catastrophe claims.** If a claim results from a weather related catastrophe or a
107 major natural disaster, each claim handling deadline
108 shown under the Dutes After Loss and Loss Payment pro-
109 visions is extended for an additional 15 days. Catastrophe or Major Natural Disas-
110 ter means a weather related event which:
111 a. is declared a disaster under the Texas Government Code Chapter 418, or
112 b. is determined to be a catastrophe by the Texas Department of Insurance.
- 113 **Appraisal.** In case the insured and this Association shall fail to
114 agree as to the actual cash value or the amount of
115 loss, then, on the written demand of either, each shall select a competent
116 and disinterested appraiser and notify the other of the appraiser selected
117 within twenty days of such demand. The appraisers shall first select a com-
118 petent and disinterested umpire; and failing for fifteen days to agree upon
119 such umpire, then, on request of the insured or this Association such um-
120 pire shall be selected by a judge of a district court of a judicial district
121 where the loss occurred. The appraisers shall then appraise the loss, stating
122 separately actual cash value and loss to each item; and, failing to agree,
123 shall submit their differences only to the umpire. An award in writing, so
124 itemized, of any two when filed with this Association, shall determine the
125 amount of actual cash value and loss. Each appraiser shall be paid by the
126 party selected him and the expenses of appraisal and umpire shall be paid
127 by the parties equally.

PART TWO-

128 **Association's** It shall be optional with this Association to take all, or
129 **options.** any part, of the property at the agreed or appraised
130 value, and also to repair, rebuild, or replace the prop-
131 erty destroyed or damaged with other of like kind and quality within a rea-
132 sonable time, on giving notice of its intention so to do within thirty days
133 after the receipt of the proof of loss herein required.

134 **Abandonment.** There can be no abandonment to this Association of
135 any property.

136 **Loss** A. If this Association notifies the insured that payment of
137 **payment.** claim or part of the claim will be made, this Associa-
138 tion must pay within 5 business days after notification
139 to the insured.

140 B. If payment of the claim or part of the claim requires the performance of an act
141 by the insured, this Association must pay within 5 business days after the date
142 the insured performs the act.

143 **Dispute Resolution** Your legal action against us under this policy may not be
144 sustainable unless you have complied with all the terms of
145 the policy.

146 You may appeal any act, ruling or decision made by us, or bring a legal action
147 against us, in accordance with Section 2210.551 and Section 2210.552 of the
148 Texas Insurance Code. Your options under each section are as follows:

149 Section 2210.551. **APPEALS.**
150 This section applies to a person insured under this chapter or an authorized
151 representative of the person.

152 If you are aggrieved by an act, ruling, or decision of the association, you may

153 appeal to the commissioner of insurance not later than the 30th day after the date
154 of that act, ruling or decision. A hearing on an act, ruling, or decision of the
155 association relating to the payment of, the amount of, or the denial of a particular
156 claim shall be held, at the request of the claimant, in the county in which the
157 insured property is located or in Travis County. A decision or order of the
158 commissioner of insurance may be appealed to a district court in the county in
159 which the covered property is located or a district court in Travis County.

160 Section 2210.552. **CLAIM DISPUTES; VENUE.**
161 A person insured under this chapter who is aggrieved by an act, ruling, or decision
162 of the association relating to the payment of, the amount of, or the denial of a
163 claim, may:
164 a) bring an action against the association, including an action under
165 Chapter 541: or
166 b) appeal the act, ruling, or decision under Section 2210.551.

167 A person may not proceed under both Section 2210.551 and this section for the
168 same act, ruling, or decision. Venue in an action brought under this
169 section, including an action under Chapter 541, against the association is in the
170 county in which the insured property is located or in a district court in Travis
171 County.

172 Venue in an action, including an action under Chapter 541, brought under this
173 section in which the claimant joins the department of insurance as a party to the
174 action is only in a district court in Travis County.

175 **Subrogation.** This Association may require from the insured an
176 assignment of all right of recovery against any party
177 for loss to the extent that payment therefor is made by this Association.
178 The insured may not, except it be in writing executed prior to the loss,
179 waive his right of recovery from any party.

CONSEQUENTIAL LOSS CLAUSE This Association shall not be liable for loss directly or indirectly caused by or resulting from any utility failure including but not limited to power, heating or cooling failures, unless such failure results from physical damage to power, heating or cooling equipment situated on the premises where the property covered is located, caused by the peril(s) insured against.

NUCLEAR EXCLUSION CLAUSE Loss by nuclear reaction or nuclear radiation or radio active contamination, all whether controlled or uncontrolled, or due to any act or condition incident to any of the foregoing, is not insured against by this policy, whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by any of the perils insured against by this policy.

IN WITNESS WHEREOF, this Association has executed and attested these presents; but this policy shall not be valid unless countersigned by an Authorized Representative of the Texas Windstorm Insurance Association.

Secretary, Board of Directors

Chairman, Board of Directors

**MORTGAGE CLAUSE
(Without Contribution)**

This policy, as to the interest of the mortgagee only therein, shall not be invalidated by any act or neglect of the mortgagor or owner of the within described property, nor by any foreclosure or other proceedings or notice of sale relating to the property, nor by any change in the title or ownership of the property, nor by the occupation of the premises for purposes more hazardous than are permitted by this policy; PROVIDED that the mortgagee shall notify this Association of any change of ownership or increase of hazard which shall come to the knowledge of said mortgagee, and unless permitted by this policy, it shall be noted thereon; and PROVIDED further that upon failure of the insured to render proof of loss, such mortgagee, upon notice, shall render proof of loss in the form herein specified within ninety-one days thereafter and shall be subject to the provisions hereof relating to appraisal and time of payment and of dispute resolution.

Failure upon the part of the mortgagee to comply with any of the foregoing obligations shall render the insurance under this policy null and void as to the interest of the mortgagee.

This policy may be cancelled as to the interest of any mortgagee named hereon by giving such mortgagee thirty days written notice.

If this Association shall claim that no liability existed as to the mortgagor or owner, it shall, to the extent of payment of loss to the mortgagee, be subrogated to all the mortgagee's rights of recovery, but without impairing mortgagee's right to sue; or it may pay off the mortgage debt and require an assignment thereof and of the mortgage.

The word "mortgagee" shall be construed to mean mortgagee or trustee.

It is understood and agreed that any provision relating to written notice of cancellation or non-renewal with respect to the mortgagee, applies only to the mortgagee specifically named in the policy and the Association is not required to give written notice of cancellation or non-renewal to any successor or assignee of the mortgagee specifically named in the policy.