

INSURANCE POLICY

(This is a named peril policy and this document provides details of all coverage and related information)

FARMERS MUTUAL INSURANCE OF WASHINGTON COUNTY

Organized in 1895

P.O. Box 322 • 104 West Vulcan

Brenham, TX 77834-0322

Telephone No. (979) 836-8670

Fax (979) 836-6654

Serving Washington and Surrounding Counties Since 1895



PLEASE READ YOUR POLICY

IMPORTANT NOTICE

To obtain information or make a complaint:

You may call Farmers Mutual Insurance of Washington County's telephone number for information or to make a complaint at:

979-836-8670

You may also write to Farmers Mutual Insurance of Washington County at:

104 West Vulcan Street
Brenham, TX 77833

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

1-800-252-3439

You may write the Texas Department of Insurance at:

P.O. Box 12030
Austin, TX 78711-2030
Website: <http://www.tdi.texas.gov>
E-mail consumerprotection@tdi.texas.gov

PREMIUM OR CLAIM DISPUTES:

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

ATTACH THIS NOTICE TO YOUR POLICY:

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

AVISO IMPORTANTE

Para obtener informacion o para someter una queja:

Puede llamar al numero de telefono de Farmers Mutual Insurance of Washington County para informacion o para someter una queja al:

979-836-8670

Usted tambien puede escribir a Farmers Mutual Insurance of Washington County al:

104 West Vulcan
Brenham, TX 77833

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

1-800-252-3439

Puede escribir al Departamento de Seguros de Texas al:

P.O. Box 12030
Austin, TX 78711-2030
Website: <http://www.tdi.texas.gov>
E-mail consumerprotection@tdi.texas.gov

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, puede entonces comunicarse con el departamento (TDI).

UNA ESTE A VISO A SUPOLIZA:

Este aviso es solo para proposito de informacion y no se convierte en parte o condicion del documento adjunto.

IN CONSIDERATION of the payment of the premiums and assessments and subject to the stipulations and conditions herein added hereto, which are made a part of this policy, this Association does provide coverage for the Named Insured for the period so specified, against all physical direct loss or damage by FIRE, LIGHTNING AND THEFT; EXTENDED COVERAGE – Windstorm, Hurricane, Hail, Explosion, Riot, Civil Commotion, Smoke, Aircraft and Land Vehicles, Vandalism or Malicious Mischief, Falling Objects, Sudden Accidental Discharge and Backup of Sewer, Sudden Accidental Discharge of Water, except as hereinafter provided, to an amount not exceeding the insurance set opposite the property as itemized on the declarations page and for each peril assumed, while located and contained as hereinafter described and provided and not elsewhere.

SPECIAL PROVISIONS AND DEFINITIONS

SECTION I

The insurance evidenced by this policy is written by Farmers Mutual Insurance of Washington County, operating under the provisions of Chapter 911 of the Texas Insurance Code, 2003, as amended. The constitution and by-laws of this Company (available to all members) and all amendments thereto, together with the declarations attached, the application for this policy, and any endorsements attached hereto, shall apply to and form a part of this policy, and this policy is accepted by the insured subject thereto. Policyholder is bound to keep informed of the constitution, by-laws, rules and regulations of this Company and to conform thereto and abide thereby. When the word "Company" is used in this policy, it shall mean and refer to Farmers Mutual Insurance of Washington County.

Company may make any additions, modifications and amendments to its constitution and by-laws and for such purpose, and when and if any revision, modification, amendment or addition is made to the constitution and/or the by-laws of this Company, the same shall be as valid and binding upon all certificates of insurance theretofore issued as if said revisions, modifications, amendments or additions had been incorporated herein. Any and all certificates of insurance hereafter issued by Company shall be subject to and controlled by the constitution, by-laws, the rules and regulations of this Company and any amendment, modification, revision or addition thereto.

Whenever used in this policy, the term "member" or "policyholder", shall mean and refer to members of the Company who have insured their property with the Company and hold a Certificate of Insurance or Insurance Policy then in force issued by the Company. The term "insured premises", when used in this policy, means the lot, tract or parcel of land on which an insured dwelling or other building is located, the address of such insured premises being shown as the location of the property insured on the declarations page of this policy.

The policyholder must notify the Company by notifying the Executive Director of the Company of his post office address or any change thereof, and of any change in the property or location described in this policy. Any notice by Company to the named policyholder, including but not limited to notices of assessments, sent to the policyholder by first class mail at the policyholder's last stated address, shall be binding upon the policyholder whether received or not.

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. Personal property must be scheduled and itemized on the policy to be covered hereunder, unless the declarations lists a separate limit for unscheduled personal property. Personal property is property that is not a legal part of the building, which includes but is not limited to window air conditioner units, water pumps and well equipment.

This Company is conducted for the mutual protection of its members to indemnify each of them against a direct loss or damage occasioned by **FIRE, LIGHTNING, AND THEFT; EXTENDED COVERAGE** – Windstorm, Hurricane, Hail, Explosion, Riot, Civil Commotion, Smoke, Aircraft and Land Vehicles, Vandalism or Malicious Mischief, Falling Objects, Sudden Accidental Discharge and Backup of Sewer, Sudden Accidental Discharge of Water, except as hereinafter provided, and this without profit, and actuated by the highest good faith among its members and from the individual member to the Company, and if anyone should offer property for insurance and the same is mistakenly accepted when the same is not entitled to be insured according to the constitution, by-laws and/or rules and regulations of this Company, or the provisions of Chapter 911 of the Texas Insurance Code, or the terms of this policy, Company shall, notwithstanding, not be liable and obligated to pay the insurance provided by any such certificate, but the only liability of the Company shall be a return of any premium or premiums so paid.

This entire policy shall be void if the insured now has or shall hereafter make or procure any other contract of insurance, whether valid or not, on property covered, in whole or in part, by this policy.

Except as otherwise provided in this policy, in case of a partial loss or damage, liability hereunder shall not exceed the lesser of: (a) the actual cost of materials and/or labor required to repair or replace the property with common construction materials with deduction for

depreciation where applicable, less the deductible amount, or (b) the insured value of said property, less the deductible amount. Provided, however, Company shall have no liability for increased costs of repair or reconstruction by reason of any ordinance or law regulating construction or repair, or for any loss resulting from the interruption of business or loss of use of said property, or for any loss resulting from the interruption of business or loss of use of said property. Company's liability shall further be limited by the PRO RATA LIABILITY condition contained in Section III hereof.

The "deductible amount", where provided for in this policy, shall be the amount as shown on the declarations page of this policy and shall apply to each occurrence of loss. When there are numerous buildings with different addresses listed on the Declarations page, then the deductible shown on the Declarations page shall be taken for each building that has a different property address shown on the Declarations page.

In the event of a total loss occasioned by a covered peril, and subject to Section 862.053 of the Texas Insurance Code, liability hereunder shall not exceed 100 percent of the insured value of the property without deduction for depreciation, less the deductible amount. Provided, however, Company shall have no liability for any increased costs of repair or reconstruction by reason of any ordinance or law regulating construction or repair, or for any loss resulting from the interruption of business or loss of use of said property. Company's liability shall further be limited by the PRO RATA LIABILITY condition contained in Section III hereof. Notwithstanding the foregoing, and pursuant to Section 862.053 of the Texas Insurance Code, in case of a total loss by fire of property insured, excluding personal property, Company shall pay the full amount of insurance on the property as provided by such policy. A fire insurance policy, in case of a total loss by fire of property insured, shall be held and considered to be a liquidated demand against the Company for the full amount of such policy; provided, however, this provision does not apply to personal property.

Policyholder shall report any damage or loss to the Executive Director of the Company within the time and in the manner as provided in this Policy. Policyholder agrees to complete such documents as may be requested by the Executive Director in reporting the loss, including but not limited to loss claim forms and affidavits of loss. It shall be the duty of the Executive Director to assign such claim to an agent, or other authorized person acting for the Company to review such loss. It shall be the duty of the agent, or other authorized person acting for the Company to deliver to the Executive Director of the Company the report or recommendation. The report or recommendation shall not be binding on the Company unless approved by the Executive Director.

SPECIFIC COVERAGE CONDITIONS

SECTION II

A. **CONDITIONS APPLICABLE ONLY TO LIGHTNING** – This Company shall not be liable for lightning damage to electronic appliances or machines including but not limited to computers, radios, television, electric motors, electric stoves, electric irons, telephones, unless there exists visible evidence to any such items that such damage is caused by a direct hit by lightning on said items and such hit by lightning is evidenced by visible facts. Lightning is herein defined as a discharge of atmospheric electricity. High voltage or electrical surges which may cause damage to insured property is not covered by this policy, regardless of the cause of said high voltage or electrical surge which may damage any item of insured property regardless of whether such high voltage or electric surge is caused by lightning.

B. **CONDITIONS APPLICABLE ONLY TO WINDSTORM, HURRICANE AND HAIL** – This Company shall not be liable for any loss or damage to cloth awnings; cloth, vinyl or plastic fabric or any other fabric used for outside exposed curtains, or mobile home skirting made by any material other than metal; greenhouses and their personal property there in; nor for loss caused by (a) blizzard or change in temperature; nor (b) by snowstorm, tidal wave, high water or overflow whether driven

by wind or not; nor for any loss 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; nor from any interior water damage or collapse damage which results from an intentional opening made in the roof or walls unless a builder's risk endorsement is attached hereto. This Company shall not be liable for loss or damage to buildings or the personal property therein in process of construction or reconstruction unless a builder's risk endorsement is obtained and attached to this policy.

C. CONDITIONS APPLICABLE TO THEFT, VANDALISM AND MALICIOUS MISCHIEF—This Company will insure against loss by theft (any act of stealing) and damage done during the act of theft and will insure against damage done by the act of vandalism and malicious mischief (defined as: the willful and malicious damage or destruction of property) by a person, subject to the following provisions:

1. The personal property must be itemized (be consistent here to be covered by this certificate of insurance. This policy will not cover loss by a theft, vandalism or malicious mischief of any property not itemized herein or any except property reflected under the basic conditions hereof.
2. Theft, vandalism and malicious mischief shall apply to itemized farm tractors, farm machinery (excluding ATV's and utility vehicles), tools and irrigation equipment only when located on the insured premises or when temporarily located on other property in Washington County, Texas, or adjoining counties having a common boundary with Washington County, Texas. Theft, vandalism and malicious mischief coverage shall apply to other specified items of personal property, including farm trailers, ATV's and utility vehicles used primarily for local farm use while at the location specified in this policy (insured premises) and while temporarily located elsewhere in the State of Texas; provided, however, such coverage are further limited by subparagraph 5 set forth below. The term "temporarily located elsewhere" shall mean the removal of personal property from the insured premises with the intent to bring the personal property item back to the insured premises within thirty days of the date of its first removal. Any personal property which has been removed from the insured premises to some other location and which has remained away from the insured premises more than thirty days from the date of its first removal shall not be covered against loss by theft, vandalism and malicious mischief while such property is away from the insured premises.
3. The insured must have reported theft to the proper peace officers immediately upon discovery of such theft and such report must be followed by an investigation made by such officers, with the name of the officer investigating said theft furnished to this Association. All theft losses shall also be reported by the member to the Company within ten days of discovery of said theft. The insured must furnish a sworn statement concerning the facts surrounding a loss by theft, including such information as may be required by the Company pertaining thereto.
4. Theft, vandalism and malicious mischief will not cover a loss by mysterious disappearance or loss committed by the insured, members of the insured's household, invitees, guests of the insured or renters of the insured.
5. Theft of itemized personal property from land vehicles or watercraft is not insured unless the land vehicle or watercraft is locked and there is evidence of forcible entry, or the compartment where the property is stolen from is affixed to said land vehicle or watercraft and the compartment is locked and there is evidence of forcible entry.

D. CONDITIONS APPLICABLE TO SUDDEN ACCIDENTAL DISCHARGE OF WATER AND BACKUP OF SEWER ON DWELLINGS AND RENTAL DWELLINGS — Except as hereinafter limited, this Company shall be liable for sudden

accidental discharge of water and sudden accidental backup of sewer to the extent of actual damage to the insured property, including the buildings and the itemized personal property. This policy shall not cover any costs of repairs or replacing of plumbing, plumbing equipment and fixtures, heating and air-conditioning systems or appliances. Occupied dwellings, occupied rent dwellings and itemized personal property are covered by this policy for accidental backup of sewer and sudden accidental water damage. Accidental water damage or loss from frozen plumbing or frozen appliances is only covered under this policy when someone occupies the dwelling or rent dwelling and spends every night therein. Accidental water damage on rent dwellings or dwellings is not covered when the property is unoccupied. It is the policyholder's responsibility to protect plumbing, pipes and appliances in all insured buildings during freezing conditions, or in the event of non-occupancy for an overnight period, the water supply has been shut off and the plumbing drained. This coverage will not cover damage to a foundation or damage incident thereto, notwithstanding that the same may be caused by accidental discharge of water or accidental backup of sewer. This Company shall not be liable for any loss caused by rust, mold, mildew, other fungi, wet or dry rot, to one's property and this Company shall not be liable for accidental water damage caused by continuous or repeated seepage or leakage over a period of weeks, months or years.

E. CONDITIONS APPLICABLE TO SUDDEN ACCIDENTAL DISCHARGE OF WATER AND BACKUP OF SEWER ON OTHER BUILDINGS, INCLUDING, BUT NOT LIMITED TO, BARNs, IMPLEMENT BUILDINGS, SHOPS, GARAGES, STORAGE BUILDINGS, PUMP HOUSES AND ANY UNOCCUPIED BUILDINGS — Except as hereinafter limited, this Company shall not be liable for sudden accidental discharge of water and sudden accidental backup of sewer to the extent of actual damage to the insured property, including the buildings and the itemized personal property. This policy shall not cover any costs of repairs or replacing of plumbing, plumbing equipment and fixtures, heating and air-conditioning systems or appliances. It is the policyholder's responsibility to protect plumbing, pipes and appliances in all insured buildings during freezing conditions. Damage occurring from freezing conditions is not covered unless the water source has been shut off and plumbing drained. This coverage will not cover damage to a foundation or damage incident thereto, notwithstanding that the same may be caused by accidental discharge of water or accidental backup of sewer. This Company shall not be liable for any loss caused by rust, mold, mildew or other fungi, wet or dry rot, to one's property, and this Company shall not be liable for accidental water damage caused by continuous or repeated seepage or leakage over a period of weeks, months or years.

F. CONDITIONS APPLICABLE TO SUDDEN ACCIDENTAL DISCHARGE OF WATER AND BACKUP OF SEWER FOR SECONDARY HOMES, WEEKEND HOMES, CAMP HOUSES, CHURCHES, FIRE STATIONS AND LODGE HALLS — LIMIT OF LIABILITY PER CLAIM IS 5% OF INSURANCE COVERAGE ON BUILDING OR \$3,500, WHICHEVER IS GREATER — Except as hereinafter limited, this Company shall be liable for sudden accidental discharge of water and sudden backup of sewer to the extent of actual damage to the insured property, including secondary homes, weekend homes, camp houses, churches, fire stations, lodge halls and the itemized personal property. This policy shall not cover any costs of repairs or replacing of plumbing, plumbing equipment and fixtures, heating or air-conditioning systems or appliances. This Company will not cover loss from frozen plumbing or frozen appliances unless the insured has used reasonable care to maintain heat in the building or shut off the water supply and drain plumbing, heating and air conditioning systems and appliances.

1. It is the policyholder's responsibility to protect the plumbing and appliances during freezing conditions. This coverage will not cover damage to a foundation or damage incident thereto, notwithstanding that the same may be caused by sudden accidental discharge of water or sudden accidental backup of sewer.

2. This Company shall not be liable for any loss caused by rust, mold, mildew, other fungi, wet or dry rot, to policyholder's property, and this Company shall not be liable for accidental water damage caused by continuous or repeated seepage or leakage over a period of weeks, months or years.

G. CONDITIONS APPLICABLE TO ITEMS IN A STORAGE FACILITY – This Company will insure items in an approved storage facility for fire, windstorm, theft and vandalism only. All items must be itemized and the policy may be reviewed annually.

H. ALL CONDITIONS APPLICABLE TO JEWELRY – This Company will insure jewelry subject to all applicable conditions set forth in the policy and the following special conditions: Jewelry shall be considered personal property; all items must be itemized; the Company will not pay for accidental loss or mysterious disappearance of any item or items or a part of any item or items.

1. Minimum value per item must be \$100; maximum total amount of insurance coverage for jewelry per policy will be \$20,000; the original sales invoices or certified appraisal from a reputable jeweler must be submitted with the application.

I. CONDITIONS APPLICABLE ONLY TO ACCIDENTAL GLASS BREAKAGE – This Company will insure against accidental glass breakage which is part of an insured building or insured farm equipment and machinery only.

J. CONDITIONS APPLICABLE ONLY TO FALLING OBJECTS This policy covers insured buildings and itemized personal property from loss occurred by falling objects. The exterior portion of the insured building must be damaged by the falling object in order for the itemized personal property to be covered. Damages occasioned to itemized personal property by falling objects which do not damage the exterior portion of the insured building are not covered.

K. CONDITIONS APPLICABLE ONLY TO SMOKE – Loss by smoke shall be limited to the loss caused by a sudden, unusual or faulty operation of any heating, disposal or cooking unit which are in or on the premises described herein. Loss caused by smoke from a fireplace or an industrial operation is expressly excluded from coverage herein.

L. CONDITIONS APPLICABLE ONLY TO DAMAGE BY FALLING AIRCRAFT AND LAND VEHICLES – Loss by falling aircraft shall include direct loss to the insured's buildings and itemized personal property and farm machinery incurred by falling aircraft or objects falling therefrom. Loss by land vehicles shall only include direct physical loss to insured buildings, itemized personal property or farm machinery caused by a land vehicle. Damage or loss occasioned to said land vehicle directly or indirectly resulting from collision is not covered hereby unless said collision occurred during an act of theft, vandalism or malicious mischief and is otherwise covered herein.

M. CONDITIONS APPLICABLE TO HOME OR FARM ENTRANCES – This Company will insure home or farm entrances that are specifically listed on the declarations page as "personal property other buildings". Only the entrance is covered, not any adjoining fences. Additionally, trees, shrubs and plants that are part of the entrance are not covered for loss or damage.

N. CONDITIONS APPLICABLE TO BOATS AND OTHER WATER CRAFT ONLY – Boats and other water craft, where itemized on the policy, are covered for loss occasioned by an insured peril occurring on the insured premises only.

O. CONDITIONS APPLICABLE TO TRAVEL TRAILERS AND MOBILE HOMES – Travel trailers or mobile homes are insured only at the locations stated on the policy. If the insured travel trailer or mobile home is moved, the insurance becomes null and void when procedure to move begins. The travel trailer and mobile home is required to be properly anchored and tied down at all times, or the insurance on the travel trailer or mobile home

and/or the itemized personal property thereof, becomes automatically null and void. Said travel trailer or mobile home is subject to the requirements of use and occupancy to the same extent as a building insured hereunder. This Company shall not be liable for any loss or damage to mobile home skirting made by material other than metal.

Additionally, all claims associated with travel trailers and mobile homes will be valued at Actual Cash Value.

With respect to this provision, Actual Cash Value means the cost to repair or replace the loss or damage to the travel trailer or mobile home, at the time and place of the loss or damage, with material/travel trailer/mobile home of like kind and quality, less proper deduction for obsolescence and physical depreciation.

Maximum deduction for obsolescence/depreciation for any travel trailer or mobile home is 60%, but the determination for the deduction is at the sole discretion of the Company.

P. CONDITIONS APPLICABLE ONLY TO ANTIQUE VEHICLES Antique vehicles where specifically itemized are covered for loss occasioned by an insured peril occurring on the insured premises only and as hereinafter limited. Collision damage of any kind, caused directly or indirectly by collision with another vehicle, upset or overturn, or striking a fixed object, loading, unloading or towing the vehicle is not covered. Appraisal shall be in accordance with a company-approved price guide for old vehicles. Vehicles may be insured for the amount shown in the price guide for the applicable class of vehicle, plus any additional value as evidenced by invoice, excluding labor.

Q. CONDITIONS APPLICABLE TO ROOFS – Roofs are depreciated based on the age of the roof. The depreciation schedule is attached to the back of this policy. Maximum depreciation is 60% Intended life of a slate roof is considered to be 60 years, tile roof 50 years, metal roof (26 gauge or thicker) 50 years, metal roof thinner than 26 gauge 30 years. Roofs that have exceeded their intended life may be excluded from coverage. In the event of damage to a multi-layer roof, the Company will be liable for removal and replacement of the top layer only. When Solar Panels are attached to the roof of a structure, we will only pay for the detachment and resetting of the panels if they are itemized for coverage on the declaration page.

R. ADDITIONAL LIVING EXPENSE – If an insured's primary dwelling becomes uninhabitable due to damage caused by a covered peril, this Company will pay a maximum of \$100 per day for up to 14 days and \$50 per day thereafter, up to a maximum of 5% of the insured amount of the dwelling shown on the declarations page. This coverage applies to primary dwellings only and is additional coverage above the policy limits of the primary dwelling.

S. BUILDER'S RISK ENDORSEMENT – This Company will assume liability for buildings under construction, reconstruction or major repairs only when a builder's risk endorsement is attached hereto. When the application is submitted to the company, the building must be insured to 100% of its completed value. This Company's liability for coverage under such builder's risk endorsement shall be limited to the percentage of completion of such construction, reconstruction or major repairs at the time of loss and shall never exceed the insured value as provided in the policy or builder's risk endorsement.

T. PROVISION AGAINST WAIVER – No director, officer, agent, employee or representative of the Company shall have the power to waive any provision of the constitution, by-laws, rules and regulations of the Company or provisions of this policy of insurance.

U. DEBRIS REMOVAL – We will pay your reasonable expense for the removal from the insured premises of:

1. Debris of covered property if a peril insured against causes the damage to the covered property.
2. A tree that has damaged covered property, if a peril the damaged property is insured against, caused the tree to fall.

The most we will pay for debris removal of covered property and/or tree removal is \$2,500.

The Company will not pay for tree removal or damage caused by a tree if the tree or any part of a tree was dead, previously damaged or was deteriorated due to disease, rot, termites or any other insects.

This does not increase the limit of liability that applies to the damaged property and is considered part of the claim and subject to the claim deductible.

V. CONDITIONS APPLICABLE ONLY TO HAY – Maximum amount of hay insurance shall not exceed \$37,500 in value per policy (375 tons or 500 - 5' bales). For hay stored openly outside, the maximum amount per location shall not exceed \$18,750 in value. Outside storage shall have a distance of 1,000 feet or more between locations, unless the storage locations are separated by a natural fire break or barrier such as a road, creek or other noncombustible materials. The agent reserves the right to accept or reject the proposed insured's request for coverage. Round hay bales and/or mechanically stacked hay stored outside will be insured for fire loss only. It shall be the insured's responsibility to provide a storage area free from weeds and/or other material that could create a fire hazard. Hay stored inside will be insured for loss caused by fire, windstorm and rain. This policy does not cover loss caused by theft, flooding, rising water, accidental damaged caused by livestock or negligence of the insured. Payment for loss will be the actual amount destroyed. The following base rates will apply for writing insurance and in the settlement of claims.

Round HB	\$ 100 per ton
Square HB	\$ 225 per ton
Alfalfa	\$200 per ton

Square bales = 30 bales per ton (\$ 7.50 per bale)
 Large rectangular bales = 3x3x8 = 800 lbs. .4 ton (\$60)
 Large rectangular bales = 4x4x8 = 1600 lbs. .8 tons (\$120)
 Small round bales = .5 tons (\$50)
 Large round bales = .75 tons (\$75)
 All other applicable conditions in this policy shall apply, including the appropriate deductible.

W. This policy is not intended to and does not provide coverage for any damages that occurred prior to policy inception. This exclusion applies regardless of whether such damages were apparent at the time of the inception of the policy. This policy is not intended to and does not provide coverage for any claims of damages arising out of workmanship, repairs and/or lack of repairs arising from damage that occurred prior to policy inception. This policy does not provide coverage for any stated amount unless and until all structures and/or property covered by your previous policy have been fully and completely repaired. Prior to the completion of repairs, coverage will be limited to the lesser of:

1. The actual cash value of the property at the time of a covered loss occurring during this policy period, less any and all prior payments for the same or similar damage received from other carriers providing prior policies; or
2. The cost of repairing the property to a state at which it existed at the time of a covered loss, provided such repairs have been made and costs incurred.

EXCLUSIONS FROM COVERAGE

A. EARTHQUAKE, FLOOD, RISING WATER– This Company shall not be liable for loss caused, directly or indirectly, by earthquake, movement or vibration of earth, landslide, shifting of soil, flood, inundation, rising water, waves, tide or tidal wave, high water or overflow of streams or bodies of water, whether driven by wind or not. This Company shall not be liable for

damage to a foundation or damage incident thereto, notwithstanding that the same may be caused by accidental discharge of water or backup of sewer.

B. FLOOD, RISING WATER DAMAGE TO FARM MACHINERY– This Company shall not be liable for damage caused by flooding or rising water to tractors and other farm machinery or other agricultural equipment.

C. COLLISION DAMAGE TO PERSONAL PROPERTY, FARM MACHINERY, IMPLEMENTS AND OTHER AGRICULTURAL EQUIPMENT – This Company shall not be liable for loss to farm machinery, including, but not limited to, farm tractors, farm trailers, off-road vehicles, such as ATV's, and utility vehicles, farming implements or tools caused, directly or indirectly by upset, overturn or collision of said farm machinery or implements with any land vehicle, other farm machinery or fixed objects, or during loading or unloading of said equipment. This Company shall not be liable for any loss to said farm machinery, including, but not limited to, farm tractors and farm trailers, and farming implements or tools occasioned, directly or indirectly, by the intentional, knowing or negligent use, misuse and/or operation of said farm machinery, implements and tools. This Company does not insure loss to any tire due to puncture, cut, gash, blowout or the like, unless such loss is occasioned by a covered peril. This exclusion as to damage to farm machinery and implements shall not be applicable where such damage, whether occurring by collision or otherwise, is occasioned during an act of theft, vandalism or malicious mischief which is otherwise covered herein. This Company will cover direct loss to tractors, trailers, farm machinery, implements and other agricultural equipment, including ATV's and utility vehicles insured under this policy caused by collision of this equipment with any other vehicle or object or by upset or overturn **ONLY** while this equipment is being temporarily operated or being hauled on a public roadway.

D. LOSS OF RENTS OR RENTALS – This Company shall not be liable to the insured for any loss of rents and/or rental value of any property covered hereunder, notwithstanding such loss to said property may have resulted from a peril insured against herein.

E. SONIC BOOM – This Company shall not be liable for any loss caused by sonic boom or other forces resulting from shock waves created by the movement above the surface of the earth or aircraft, missiles or other objects, whether such sonic boom or other forces are transmitted through the air or the earth or both.

F. TREES, SHRUBS, PLANTS, LAWNS OR FENCES – This Company does not insure trees, shrubs, plants, lawns and fences and thus shall not be liable for loss or damage to trees, shrubs, plants, lawns and fences. Additionally, the Company will not be liable for any damage caused by a dead tree, or any part of a dead or diseased tree, that falls on insured property.

G. HAZARDOUS WASTE – This Company shall not be liable for the removal and/or disposal of hazardous waste, which includes but is not limited to, asbestos siding or other asbestos materials.

H. ACCIDENTAL WATER DAMAGE – This Company shall not be liable for damage caused by continuous or repeated seepage or leakage of water over a period of weeks, months or years. This Company will not be liable for damage caused by sudden accidental discharge of water and/or sudden accidental backup of sewer on any building except occupied dwellings and occupied rent dwellings. Additionally, this Company will not be liable for damage caused by HVAC condensation or sweating duct work.

I. MOLD AND PAINT – This Company will not pay for any damage, investigating, remediating, additional living expenses or loss of use caused directly or indirectly or resulting from lead-based paint and mold fungi, fungi-like organisms, bacteria, viruses, mites, amoebae or any other micro-

organisms, or their components, fragments, metabolites, bio-aerosols or organic contaminants, regardless of the cause of growth, proliferation, secretion or dispersal, notwithstanding that the damage may be caused by accidental discharge of water or backup of sewer.

J. **MISCELLANEOUS** – This Company shall not be liable for any loss caused by wear and tear, deterioration, mechanical breakdown, rust, wet or dry rot, contamination, smog, the settling, cracking, shrinking, bulging or expansion of pavements, patios, foundations, walls, floors, roofs, ceilings, walks, drives, curbs, fences, retaining walls, or from birds, rodents, insects or animals.

K. **HEARING AIDS** – This Company will not pay for accidental loss or mysterious disappearance of hearing aids.

L. **EXCLUSION OF COSMETIC LOSS OR DAMAGE TO EXTERNAL METAL SURFACES CAUSED BY HAIL TO OTHER BUILDINGS OR FARM BUILDINGS** – We do not cover "cosmetic loss or damage" to any "external metal surface" caused by the peril of hail. "Cosmetic loss or damage" means only that damage that alters the physical appearance of the "external metal surface" but does not allow the penetration of water or moisture through the "external metal surface" or does not result in the failure of the "external metal surface" to perform its intended function to keep out of water and moisture for the remainder of its anticipated useful service life. "Cosmetic loss or damage" includes, without limitation, spatter/splatter marks on oxidized surfaces, blemishes, dents, dings, dimples, chips, marring, pitting, scratches, gouges, grooves, or other superficial damage on the surface of "external metal surfaces".

"External metal surfaces" means the metal roof, roof covering or roof system material. Flashing, vent caps, trim, drip edging, walls, doors and window frames and other similar materials covering the exterior of Other Building or Farm Building whose function is to keep out water or moisture for the "external metal surface".

We do cover hail damage to the "external metal surface" that allows the immediate penetration of water or moisture through the "external metal surface" or that results in the failure of the "external metal surface" to perform its intended function to keep out water and moisture for the remainder of its anticipated useful service life.

BASIC CONDITIONS - SECTION III

A. **NO LIABILITY COVERAGE** – Chapter 911 of the Texas Insurance Code precludes this Company from issuing any form of liability insurance. This policy does not cover personal liability, farm liability and/or employee liability.

B. **CONCEALMENT FRAUD** – This entire policy shall be void, if, whether before or after loss, the insured has willfully concealed or misrepresented any material fact or circumstance concerning this insurance, or the subject thereof, or the interest of the insured therein, or in case of any fraud or false swearing by the insured relating thereto.

C. **EXCEPTED PROPERTY** – This policy shall not cover animals, birds, poultry, livestock, fences, accounts, money, currency, securities, deeds, evidences of debt, buildings used, in whole or in part, for conducting a business, except where business does not exceed 40 percent of said building's floor space or 500 square feet, whichever is less, buildings used, in whole or in part, as office buildings, hotels, cotton gins, cotton seed houses used in connection with cotton gins, sorghum presses, radio or TV antennas, antenna amplifiers and antenna booster or towers and all buildings which are located in close proximity to fire hazards and exposed to the danger of fire. All buildings and personal property not itemized on this policy or certificate of insurance are not covered.

D. **PERILS NOT INCLUDED** – This Company shall not be liable for loss by fire or other perils insured against in this policy caused, directly or indirectly by (a) any act of terrorism, enemy attack by armed forces, resisting an actual or an immediately impending enemy attack; (b) invasion; (c) insurrection; (d) rebellion; (e) revolution; (f) civil war; (g) usurped power; (h) order of any civil authority except acts of destruction at the time of and for the purpose of preventing the spread of fire provided that such fire did not originate from any of the perils excluded by this policy; (i) neglect of the insured to use all reasonable means to save and preserve the property at and after a loss, or when the property is endangered by fire in neighboring premises; (j) loss to electric appliances, devices, or wiring caused by electricity other than lightning. This Company shall not be liable for loss by earthquake, landslide or other earth movement (this exclusion, however, shall not apply to ensuing loss caused by fire or explosion).

E. **CONDITIONS SUSPENDING OR RESTRICTING INSURANCE** – Unless otherwise provided in writing added hereto, this Company shall not be liable for any loss occurring:

1. Following a change in ownership of the insured property;
2. Removal of insured property from the counties in which this Company is allowed to write insurance unless otherwise provided in this policy;
3. Failure to provide Company timely notice of loss, and in the case of theft, failure to report the theft to the proper peace officers immediately upon discovery of such theft and to secure an investigation by said officers of said theft;
4. For theft of household items from any land vehicles or watercraft which is unlocked or the compartment where said property is stored which is affixed to said land vehicles or watercraft is unlocked or there is no evidence of forcible entry, or
5. While any other stipulation or condition of this policy or certificate of insurance is being violated.
6. In the event of damage to siding, fascia, roofing, windows, walls, ceiling, flooring, cabinetry and/or carpeting of the building at the insured location, we will reimburse you up to 1% of the limit of liability for building for the cost you incur to replace any undamaged siding, soffit, fascia, roofing, windows, walls, ceiling, flooring, cabinetry and/or carpeting of like kind and quality to match those materials that were used to repair or replace the property damaged as a result of a covered peril.

Further, during the policy term, if the insured property is vacant for sixty (60) consecutive days immediately before a loss, the amount of insurance and payment on any loss is reduced by fifty percent (50%). The fifty percent (50%) payment provision may be removed by having paid additional premium prior to loss. Secondary and seasonal homes or camp houses as are occupied and/or used by the insured or some other party with the consent of the insured during some portion, not less than five days, during each calendar month, shall not be deemed as vacant, provided such secondary and seasonal homes or camp houses are furnished with furniture and appliances as permit the use of the same as a place of abode.

F. **PRO RATA LIABILITY** – It is a condition of this policy contract that the maximum liability of this Company in the event of direct loss caused by perils covered shall be limited proportionately as the amount of insurance of this policy bears to the total insurable value of the property.

G. **CANCELLATION OF POLICY** – The Cancellation provisions contained in this policy apply only to policies insuring a one-family dwelling, a duplex, or the itemized personal property of either, or the itemized personal property of a tenant-occupied apartment, or a policy providing coverage to a governmental unit.

1. The insured may cancel this policy at any time by notifying this Company of the date cancellation is to take effect. This Company shall return any refund due when the policy is returned to this Company. Except as provided in B below, the refund will be based on a short-rate procedure.
2. If this Company:
 - a. Refuses to provide additional coverage which the insured requests under this policy; or

- b. Reduces or restricts coverage under this policy without the consent of the insured, and as a result, the insured cancels the policy, the refund will be pro rata.
- 3. This Company may cancel this policy for the following reasons by mailing written notice to the insured of the date cancellation takes effect. If this policy has been in effect for less than ninety days and is not a renewal policy, this Company may cancel this policy for any reason. The effective date of cancellation cannot be before
 - a. The 10th day after this Company mails notice of cancellation is for nonpayment of premium.
 - b. The 30th day after this Company mails notice of cancellation is for any other reason.

If this policy has been in effect ninety days or more, this Company may not cancel this policy unless:

- 1. The insured does not pay the premium or any portion of the premium when due
- 2. The State Board of Insurance determines that continuation of the policy would violate the Texas Insurance Code or any other laws governing the business of insurance in this state.
- 3. The insured submits a fraudulent claim or a fraudulent application for insurance.
- 4. There is an increase in the hazard covered by this policy that is within the control of the insured.

The effective date of cancellation cannot be before the 10th day after this Company mails the notice. The notice of cancellation will state the reason for cancellation.

If this Company cancels, the refund will be pro rata. The notice to the insured will state that, if this refund is not included with the notice, it will be returned on demand.

The cancellation provision contained in the Mortgagee Clause of the policy is replaced by the following:

- 1. If this policy is canceled, this Company will give the mortgagee specifically named on the declarations page written notice of cancellation.
- 2. If this Company cancels the policy, the mortgagee will be given the same number of days' notice of cancellation as the insured.
- 3. If the insured cancels the policy, the mortgagee will be given notice of cancellation to be effective on the date stated in the notice; however the effective date of cancellation cannot be before the 10th day after notice is mailed.

The Company will not give notice of cancellation to any successor or assignee of the mortgagee named in this policy.

- H. **REFUSAL TO RENEW** – If this Company refuses to renew this policy on its expiration, this Company must deliver to the insured, or mail to the insured at the mailing address shown on the declarations page and any mortgagee named on the declarations page, written notice of refusal to renew not later than the 30th day before the date on which this policy expires. Proof of mailing will be sufficient proof of notice. If this Company fails to give the insured proper notice of refusal to renew, the insured may require this Company to renew the policy.

- 1. The following provisions apply only to standard fire, homeowner's and farm and ranch owner's insurance policies:
 - a. This Company may not refuse to renew this policy because of claims for losses resulting from natural causes.
 - b. This Company may refuse to renew this policy if the insured has filed three or more claims under the policy in any three-year period that do not result from natural causes.
 - c. If the insured has filed two claims in a period of less than three years, this Company must notify the insured in writing that, if the insured files a third claim during the three-year period, this Company may refuse to renew this

policy by providing the insured proper notice to its refusal to renew as provided in C below.

- I. **CANCELLATIONS/REFUSAL TO RENEW** – This Company may not cancel or refuse to renew this policy solely because the insured is an elected official.
- J. **DUTIES AFTER LOSS** – The following provisions shall apply in case of loss:

- 1. In case of a loss to covered property caused by a peril insured against, the insured must:
 - a. give prompt written notice to this Company of the facts relating to the claim,
 - b. notify the proper peace officers in case of loss by theft, vandalism or malicious mischief,
 - c. protect the property from further damage,
 - d. make reasonable and necessary repairs to protect the property, and
 - e. keep an accurate record of repair expenses.
- 2. As often as this Company reasonably requires:
 - f. provide this Company access to the damaged property,
 - g. submit to examinations under oath and sign and swear to it.
- 3. Upon request, send to this Company a signed sworn proof of loss within ninety-one days of the request on a form supplied by this Company. This Company must request a signed sworn proof of loss within fifteen days after receipt of the written notice or this Company waives its right to require a proof of loss. Such waiver will not waive this Company's other rights under this policy.

This proof of loss shall state, to the best knowledge and belief of the insured:

- a. the time and cause of loss,
- b. the interest of the insured and all others in the property involved, including all liens on the property,
- c. other insurance which may cover the loss,
- d. the actual cash value of each item of property and the amount of loss to each item, and
- e. the name of the occupant and the occupancy of the building at the time of the loss.
- 4. Within fifteen days after this Company receives written notice of claim, this Company must:
 - a. Acknowledge receipt of the claim. If the acknowledgment of the claim is not in writing, this Company will keep a record of the date, method and content of the acknowledgment.
 - b. Begin any investigation of the claim.
 - c. Specify the information the insured must provide in accordance with item 1. above.
- 5. This Company may request more information if, during the investigation of the claim, such additional information is necessary.
- 6. After this Company receives the information requested, this Company must notify the insured in writing whether the claim will be paid or been denied or whether more information is necessary:
 - a. within fifteen business days; or
 - b. within thirty days if this Company has reason to believe the loss resulted from arson.
- 7. If this Company does not approve payment of the claim or requires more time for processing the claim, the Company must:
 - a. give the reasons for denying the claim; or
 - b. give the reasons this Company requires more time to process the claim. But this Company must either approve or deny the claim within forty-five days after requesting more time.
- 8. You must file a claim with us no later than one year after the date of loss that is the subject of the claim unless you show good cause for not filing the claim within this time period, subject to the following conditions:

- a. For the purposes of this provision, good cause means; objective facts beyond your control that reasonably cause you to fail to file a claim under the policy within the one year claim filing deadline;
- b. If good cause is shown:
 - i. We may extend the one year claim filing period. An extension granted is effective on the date the one year claim filing period expires and may not exceed 60 days. The extension is limited to the claim for which it is granted; and
 - ii. The deadline to file a claim may never be later than one year and 60 days after the date of the loss that is the subject of the claim; and
 - iii. The claim is barred if it is ever made more than one year and 60 days after the date of the loss that is subject of the claim.
- c. A request for an extension must:
 - i. Be submitted in writing;
 - ii. Describe the good cause that caused you to miss the one year claim filing deadline; and be signed by you or your legal representative.
- d. All other policy terms still apply and remain unchanged, including your duty to provide prompt notice of any claim.

K. LOSS PAYMENT – The following provisions concerning payment of loss shall apply:

- 1. If this Company notifies the insured that payment of the claim or part of the claim will be made, this Company must make payment within five business days after notification to the insured.
- 2. If payment of the claim, or part of the claim, requires the performance of an act by the insured, this Company must make payment within five business days after the date the insured performs the act.

L. DEFINITIONS – “Business day”, when used in this policy, means a day other than Saturday, Sunday or holiday recognized by the State of Texas.

M. APPRAISAL – If We and You agree that a covered peril caused physical loss or damage, but disagree on the value of the property or the amount of loss, either party may demand appraisal to resolve the disagreement. In the event either party demands appraisal, each party will select a competent and impartial appraiser and notify the other of the appraiser selected within 20 days after either demands an appraisal of the loss. The appraisers will each state separately the value of the property and amount of loss. If a decision is agreed to by the appraisers, the amounts agreed upon will be the value of the property and the amount of the loss and will be binding on both parties. If the two appraisers fail to agree, they will select an umpire. If they cannot agree upon an umpire within 15 days, then, at the request of either You or Us, and after notice of hearing by certified mail is received by the non-requesting party, selection of the umpire will be made by a judge of a district court in the county where the loss occurred. The appraisers will then submit their differences to the umpire. A decision agreed to by either appraiser, and the umpire will be binding on both parties.

Each party will:

- 1. Pay its chosen appraiser; and
- 2. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

N. COMPANY'S OPTIONS – It shall be optional with this Company to take all, or any part, of the property at the agreed or appraised value, and also to repair, rebuild, or replace the property destroyed or damaged with other of like kind and quality within a reasonable time, on giving notice of its intention so to do within thirty days after the receipt of the proof of loss herein required.

O. ABANDONMENT – There can be no abandonment to this Company of any property.

P. SUIT AGAINST US – No suit or action can be brought against us unless:

- 1. There has been compliance with all policy terms, conditions, provisions, limitations and exclusions; and

- 2. Except as provided in item c. below, suit or action brought against us is started within 2 years and one day after the cause of action accrues;
- 3. With respect to a loss caused by a windstorm or hail in the catastrophe area as defined by Texas law, suit or action brought against us must be started within the earlier of:
 - a. Two years from the date we accept or reject the claim; or
 - b. Three years from the date of the loss that is the subject of the claim.
- 4. Suit or action may never be brought against us unless and until the parties have first completed an appraisal under the terms and conditions of the policy.
- 5. Suit or action may never be brought against us unless and until you have first made us aware of all damage components claimed and allowed us to inspect and adjust all of the damage components claimed.

Q. SUBROGATION – This Company may require from the insured an assignment of all right of recovery against any party for loss to the extent that payment therefor is made by this Company. The insured may not, except in writing executed prior to the loss and with consent of this Company, waive his right of recovery from any party.

R. PREMIUMS AND ASSESSMENTS DUE, FAILURE TO MAKE TIMELY PAYMENT – The initial dues and/or annual assessments, also sometimes called premiums, shall be due on or before the beginning date of the policy term, and all annual premiums becoming due upon the policy during the remainder of the policy term shall be due on or before the policy anniversary date. The failure to pay such initial premium when due and to pay such annual premiums thereafter becoming due on or before the anniversary date of this policy shall terminate all coverage provided for in this policy upon written notice being given by Company to insured as hereinabove provided.

S. NOTICE OF TERRORISM INSURANCE COVERAGE – The exclusion for an act of terrorism as contained in this policy shall be given no effect where a certified act of terrorism constitutes an insured loss under the terms of the Terrorism Risk Insurance Act of 2002. Coverage provided by the Act for losses caused by certified acts of terrorism is partially reimbursed by the United States under a formula established by federal law. Under this formula, the United States pays ninety percent of the covered terrorism losses exceeding the statutorily established deductible as may be required to be paid by law by this Company. You are not paying any additional premium for this coverage.

T. MORTGAGEE 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 Company of any change of ownership or increase in hazard which shall come to the knowledge of said mortgagee and unless permitted by this policy, it shall be noted hereon; 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 bringing suit.

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, except in the event cancellation is for nonpayment of premium and then this policy may be canceled as to the interest of any mortgagee named hereon by giving such mortgagee fourteen days' written notice.

If this Company 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 or recovery,

but without impairing mortgagee's right to sue; or it may pay off the mortgage debt and require an assignment thereof 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 nonrenewal with respect to the mortgagee, applies only to the mortgagee specifically named in the policy and the Company is not required to give written notice of cancellation or nonrenewal to any successor or assignee of the mortgagee specifically named in the policy.

In the event of a foreclosure under a deed of trust, the lender may cancel this policy of insurance covering the property foreclosed upon and shall be entitled to any unearned premiums from this policy, provided the lender credits the amount of such unearned premiums against any deficiency owed by the borrower and delivers any excess unearned premiums not so credited to the borrower. Unearned premiums shall be determined by the customary short rate procedures.

Roof Depreciation Schedule

2024 - January

20 Year Roof		25 Year Roof		30 Year Roof		40 Year Roof	
Roof Age	Dep. Percent						
5	25%	5	20%	5	15%	5	10%
10	50%	10	40%	10	30%	10	20%
15	60%	15	60%	15	45%	15	35%
				20	60%	20	45%
						25	60%

50 Year Roof		Thinner Than 26 gauge		26 gauge metal or thicker	
Roof Age	Dep. Percent	Roof Age	Dep. Percent	Roof Age	Dep. Percent
5	10%	5	15%	5	10%
10	20%	10	30%	10	20%
15	30%	15	45%	15	30%
20	40%	20	60%	20	40%
25	50%			25	50%
30	60%			30	60%

**IN WITNESS WHEREOF this Company has executed and attested
to these presents**

Attest: _____

President

Secretary

Treasurer