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**STANDARD WIND AND HAIL COMMERCIAL POLICY**

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Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words “you” and “your” refer to the Named Insured shown in the Declarations. The words “we”, “us” and “our” refer to the Association providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION H-DEFINITIONS.

**A. COVERAGE**

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from Wind and Hail. If the Wind and Hail Insurance under the policy covers on two or more items, the following conditions shall apply to each item separately.

We will pay only that part of the total of all losses payable for damage to Covered Property that exceeds the windstorm or hail percentage deductible stated in the Declarations. This percentage deductible is described in detail in Section D. - Deductible on page 6 of this policy. The stated deductible applies separately to each type of Covered Property.

**1. COVERED PROPERTY**

Covered Property, as used in this policy, means the type of property described in this section, A.1., and limited in A.2., Property Not Covered, if a Limit of Insurance is shown in the Declarations for that type of property.

- a. Building, meaning the building or structure described in the Declarations, including:
  - (1) Completed additions;
  - (2) Fixtures, excluding outdoor fixtures;
  - (3) Permanently installed:
    - (a) Machinery and
    - (b) Equipment;
  - (4) Business Personal Property owned by you that is used to maintain or service the building or structure or its premises, including:
    - (a) Fire extinguishing equipment;
    - (b) Floor coverings; and
    - (c) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
  - (5) If not covered by other insurance:
    - (a) Additions under construction, alterations and repairs to the building or structure;

- (b) Materials, equipment, supplies and temporary structures while fully enclosed within an insured building, used for making additions, alterations or repairs to the building or structure.
- b. Your Business Business Personal Property located in the building described in the Declarations, consisting of the following unless otherwise specified in the Declarations.
  - (1) Furniture;
  - (2) Machinery and equipment;
  - (3) "Stock";
  - (4) All other Business Personal Property owned by you and used in your business;
  - (5) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
    - (a) Made a part of the building or structure you occupy but do not own; and
    - (b) You acquired or made at your own expense but cannot legally remove.
  - (6) Leased Business Personal Property for which you have a contractual responsibility to insure, unless otherwise provided for under Business Personal Property of Others.
  - (7) After a loss and at your request, Business Personal Property of Others that is:
    - (a) In your care, custody or control; and
    - (b) Located in the building described in the Declarations.

However, our payment for loss of or damage to Business Personal Property of others will only be for the account of the owner of the property.

## 2. PROPERTY NOT COVERED

Covered Property does not include:

- a. Accounts, bills, currency, deeds, food stamps or other evidences of debt, money, notes, securities, bullion or manuscripts;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles, boats, recreational vehicles, mobile homes, and aircraft held for sale;
- d. Bridges, boardwalks, trestles, catwalks, ramps, roadways, walks, decks, patios, sidewalks, driveways or any other paved or graveled surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
  - (1) The lowest basement floor; or
  - (2) The surface of the ground, if there is no basement;

- h. Land (including land on which the property is located), water, steam, growing crops or lawns, trees, shrubs or plants, only as “stock” while inside of buildings;
- i. Business Personal Property while airborne, waterborne or in transit;
- j. Bulkheads, pilings, piers, wharves, boathouses or docks. Any structure over or partially over water;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Sea walls, property lines, similar lines, revetments, and retaining walls;
- m. Underground pipes, flues or drains;
- n. The cost to research, replace or restore the information on valuable papers and records, including those which exist on electronic or magnetic media except as provided in the Coverage Extensions;
- o. The following property while outside of buildings:
  - (1) Grain, hay, straw or other crops;
  - (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, signs (other than signs attached to buildings), utility poles including light fixtures and tiki huts or similar structures;
  - (3) Smokestacks, silos or their contents, windmills, windpumps, wind generators or their towers;
- p. Greenhouses, hothouses, slathouses, trellises, pergolas, gazebos, cabanas, and other outdoor equipment pertaining to the service of the premises;
- q. Awnings or canopies, including their supports;
- r. Screens and supports enclosing or partially enclosing pools, patios or other areas;
- s. Swimming pools, jacuzzis, hot tubs;
- t. Paint or waterproofing material applied to the exterior of the building(s) or structure(s);
- u. To all property (Building and Business Business Personal Property) located in a basement or below grade level.

### 3. COVERED CAUSES OF LOSS

Wind or Hail, but not including:

- a. Frost or cold weather; or
- b. Ice (other than hail), snow or sleet, whether driven by wind or not;
- c. Accumulation of hail, ice, snow, sleet, water, or any other form of precipitation.
- d. Loss or damage to the interior of any building or structure, or the property inside the building or structure, caused by rain, snow, sand or dust, whether driven by wind or not, unless the building or structure first sustains wind or hail damage to its roof or walls through which the rain, snow, sand or dust enters.

#### 4. ADDITIONAL COVERAGES

##### a. Debris Removal

- (1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause or Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) The most we will pay under this Additional Coverage is 25% of the amount we pay for the direct physical loss of or damage to Covered Property.
- (3) This Additional Coverage does not apply to costs to:
  - (a) Extract “pollutants” from land or water; or
  - (b) Remove, restore or replace polluted land or water.

##### b. Preservation of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage by peril of Wind or Hail to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

#### B. EXCLUSIONS

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

##### a. Ordinance or Law

The enforcement of any ordinance or law:

- (1) Regulating the construction, use or repair of any property ; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris; or
- (3) The requirements of which result in a loss in value to covered property; or
- (4) Requiring any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of, “pollutants”.

This exclusion, Ordinance or Law, applies whether the loss results from:

- (1) An ordinance or law that is enforced even if the property has not been damaged; or
- (2) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Governmental Action

Governmental Action means the seizure, confiscation, condemnation, or destruction of covered property by order of any governmental or public authority.

c. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

d. Utility Services

The failure of power or other utility service supplied to the described premises, however caused if the failure occurs away from the described premises.

e. Water

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Water or water-borne material that backs up or overflows or is discharged from a sewer, drain or sump, sump pump or related equipment; or
- (4) Water or water-borne material under the ground surface pressing on, or flowing or seeping through:
  - (a) Foundations, walls, floors or paved surfaces;
  - (b) Basements, whether paved or not; or
  - (c) Doors, windows, or other openings;Caused by or resulting from human or animal forces or any act of nature;
- (5) Sprinkler leakage.

f. Mold

Notwithstanding any other provision(s) of this policy, this insurance does not apply to any loss, damage, additional living expense, loss of business income, cost of decontamination, "remediation", testing, debris removal or any other costs or expenses arising from or associated in any way with "mold", whether or not directly or indirectly caused by or resulting from any peril insured against under this policy.

"Mold" means any mold, fungi (and any associated spores) or any other microorganisms of any type or nature that can cause or threaten to cause physical damage, deterioration, loss of use, and/or loss of value or marketability, to any tangible property or that can cause or threaten to cause harm of any type to any living organism. This includes, but is not limited to, any type of mold that is harmful or potentially harmful to the health or welfare of persons (such as *Stachybotrys* and others), and/or that is damaging or potentially damaging to tangible property (including wet or dry rot and others).

"Remediation" means to test, detect, measure, evaluate, treat, contain, remove, or dispose of mold. Remediation includes any testing to detect, measure, or evaluate mold, fungi (and any associated spores), or any other microorganisms, and any decontamination of the covered property.

g. Consequential Losses including but not limited to rental value and business interruption.

- h. Fire, theft or explosion.
2. We do not insure for loss to property described in A. COVERAGE, 1. COVERED PROPERTY, a. Building, caused by any of the following:
- a. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body;
  - b. Faulty, inadequate or defective:
    - (1) planning, zoning, development, surveying, siting;
    - (2) design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
    - (3) materials used in repair, construction, renovation or remodeling; or
    - (4) maintenance;of part or all of any property whether on or off the Described Location;
  - c.
    - (1) wear and tear, marring, scratching, deterioration;
    - (2) inherent vice, latent defect, mechanical breakdown;
    - (3) smog, rust or other corrosion;
    - (4) smoke from agricultural smudging or industrial operations;
    - (5) discharge, dispersal, seepage, migration, release or escape of "pollutants".
    - (6) settling, shrinking, bulging or expansion, including resultant cracking, of pavements, patios, foundations, walls, floors, roofs or ceilings;
    - (7) birds, vermin, rodents, insects or domestic animals.

#### C. LIMITS OF INSURANCE

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

Payments under the following Additional Coverages will not increase the applicable Limit of Insurance:

- 1. Preservation of Property; or
- 2. Debris Removal

#### D. DEDUCTIBLE CLAUSES

##### Deductible Clause No. 1

We cover only that part of any loss in excess of 1% of the Limit of Liability indicated on the declaration page of this policy. However, the deductible amount will not be less than \$250 nor more than \$25,000.

The deductible amount indicated above will be applied separately to: (1) each Building; (2) each Other Structure, and; (3) Business Personal Property in each Building or Other Structure.

Deductible Clause No. 2

We cover only that part of any loss in excess of 2% of the Limit of Liability indicated on the declaration page of this policy. The deductible amount will not be less than \$500 nor more than \$50,000.

The deductible amount indicated above will be applied separately to: (1) each Building; (2) each Other Structure, and; (3) Business Personal Property in each Building or Other Structure.

Deductible Clause No. 3

We cover only that part of any loss in excess of 3% of the Limit of Liability indicated on the declaration page of this policy. The deductible amount will not be less than \$1000 nor more than \$75,000.

The deductible amount indicated above will be applied separately to: (1) each Building; (2) each Other Structure, and; (3) Business Personal Property in each Building or Other Structure.

Deductible Clause No. 4

We cover only that part of any loss in excess of 4% of the Limit of Liability indicated on the declaration page of this policy. The deductible amount will not be less than \$2000 nor more than \$100,000.

The deductible amount indicated above will be applied separately to: (1) each Building; (2) each Other Structure, and; (3) Business Personal Property in each Building or Other Structure.

Deductible Clause No. 5

We cover only that part of any loss in excess of 5% of the Limit of Liability indicated on the declaration page of this policy. The deductible amount will not be less than \$2500 nor more than \$125,000.

The deductible amount indicated above will be applied separately to: (1) each Building; (2) each Other Structure, and; (3) Business Personal Property in each Building or Other Structure.

Deductible Clause No. 6

We cover only that part of any loss in excess of 10% of the Limit of Liability indicated on the declaration page of this policy. The deductible amount will not be less than \$5000 nor more than \$250,000.

The deductible amount indicated above will be applied separately to: (1) each Building; (2) each Other Structure, and ; (3) Business Personal Property in each Building or Other Structure.

E. CONDITIONS

1. CANCELLATION AND RENEWALS

- a. The first Named Insured shown in the Declarations or the premium finance company as Power of Attorney may cancel this policy at any time by returning it to us or by letting us know in writing in advance of the date cancellation is to take effect. A request for cancellation by the premium finance company will be treated the same as a request for cancellation by the first Named Insured itself.
- b. We may cancel this policy by letting you know in writing of the date cancellation takes effect. This cancellation notice may be delivered to you or mailed to you at your mailing address shown in the Declarations. Proof of mailing will be sufficient proof of notice. We may cancel for any reason by letting you know at least 90 days before the date cancellation takes effect. Reasons for which we may cancel the policy include, but are not limited to:

- (1) misrepresentation of any material fact either before or after loss; or
- (2) cause which would have been grounds for non-acceptance of the risk under the Plan of Operation had such cause been known at the time of acceptance; or
- (3) cause arising subsequent to a review which would have been grounds for non-acceptance of the risk under this Plan of Operation had such cause existed at the time of acceptance; or
- (4) substantial breach of contractual duties, conditions or warranties; or
- (5) if we lose our reinsurance covering all or a significant portion of this policy, or where continuation of the policy would imperil our solvency or place us in violation of the insurance laws of this state. Cancellation for these reasons is subject to the approval by the Director of Insurance.
- (7) the risk has changed substantially since the policy was issued; or
- (8) if you or your representative;
  - a) conceal, omit, or misrepresent any material facts or circumstances; or
  - b) make a false or fraudulent claim; or
  - c) fail or refuse to eliminate known conditions that increase the potential for loss after notification by us that the condition must be removed.
- c. When you have not paid the premium, whether payable to us or to the broker or under any finance or credit plan, we may cancel at any time by letting you know at least 10 days before the date cancellation takes effect.
- d. This association writes policies for a one-year period only and renewal may not be made unless an appropriate application is completed and furnished to the Association by the broker. There is no provision for term privileges or renewal plan since a rewrite can only be accomplished through use of the application. Unless the policy is rewritten before the expiration date through the application process, the policy will automatically terminate as of the expiration date.
- e. When this policy is canceled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.
- f. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect.

## 2. CHANGES

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

## 3. EXAMINATION OF YOUR BOOKS AND RECORDS

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

## 4. INSPECTIONS AND SURVEYS

We have the right but are not obligated to:

- a. Make inspections and surveys at any time;



- b. Give you reports on the conditions we find; and
- c. Recommend changes.

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

- a. Are safe or healthful; or
- b. Comply with laws, regulations, codes or standards.

This condition applies not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

## 5. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

## F. LOSS CONDITIONS

### 1. ABANDONMENT

There can be no abandonment of any property to us.

### 2. APPRAISAL

If you and we fail to agree on the actual cash value of the loss, either may demand an appraisal of the loss. In this event, each party will choose a competent and impartial appraiser within 20 days after receiving a written request from the other. The two appraisers will first choose a competent and impartial umpire. If they cannot agree upon an umpire within 15 days, you or we may request that a judge of a court of record in the State of South Carolina select an umpire from a list supplied by the parties. The appraisers will then appraise the loss, stating separately the actual cash value of the loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the actual cash value of the loss. If the appraisers fail to agree, they will submit their differences only, to the umpire. A decision agreed to by any two of these three will set the actual cash value of the loss. Each party will:

- a. pay its own appraiser; and
- b. bear the other expenses of the appraisal and umpire equally.

Appraisal rights under this policy are not available, if coverage is in dispute, or if you have failed to comply with all policy conditions.

### 3. DUTIES IN THE EVENT OF LOSS OR DAMAGE

- a. In case of a loss to covered property, we have no duty to provide coverage under this policy if the failure to comply with the following duties is prejudicial to us. These duties must be performed by you, or your representative.

- (1) Give us prompt notice, through your broker, of the loss or damage. Include a description of the property involved.
  - (2) As soon as possible, give us a description of how, when and where the loss or damage occurred.
  - (3) Take all reasonable steps to protect the Covered Property from further damage and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. This does not apply to expenses incurred for the protection of property prior to the loss. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
  - (4) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values, and amount of loss claimed.
  - (5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records. Also, permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
  - (6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
  - (7) The insurance adjuster whom we hire to investigate your claim may furnish you a proof of loss form, and she or he may help you to complete it. However, this is a matter of courtesy only, and you must still send us a proof of loss within 60 days after the loss even if the adjuster does not furnish the form or help you complete it. In completing the proof of loss, you must use your own judgment concerning the amount of loss and the justification for that amount; the adjuster is not authorized to approve or disapprove claims or to tell you whether your claim will be approved by us.
  - (8) Cooperate with us in the investigation or settlement of the claim.
- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

#### 4. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

#### 5. LOSS PAYMENT

- a. In the event of loss or damage covered by this Policy, at our option, we will either:
- (1) Pay the actual cash value of lost or damaged property;
  - (2) Pay the cost of repairing or replacing the lost or damaged property subject to b. below;
  - (3) Take all or any part of the property at an agreed or appraised value; or
  - (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to b. below.

- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- c. We will not pay you more than your financial interest in the Covered Property.
- d. We may adjust losses with the owners of damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- e. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- f. We will give notice of our intentions within 60 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:
  - (1) We have reached agreement with you on the amount of loss; or
  - (2) An appraisal award has been made.

#### 6. OTHER INSURANCE

- a. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this policy. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this policy bears to the Limits of Insurance of all covering on the same basis.
- b. If there is other insurance covering the same loss or damage, other than that described in a. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

#### 7. RECOVERED PROPERTY

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

#### 8. VACANCY

##### a. Description of Terms

- (1) As used in this Vacancy Condition, the term building has the meanings set forth in (1)(a) and (1)(b) below:
  - (a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented to or leased to the tenant.
  - (b) When this policy is issued to the owner of a building, building means the entire building. Such building is "vacant" or "unoccupied" when 70% or more of its square footage is "vacant" or "unoccupied".
- (2) Buildings under construction or renovation are not considered "vacant" or "unoccupied".

b. Vacancy Provisions

We will not pay for any loss or damage if the building where loss or damage occurs has been “vacant” or “unoccupied” for more than 60 consecutive days before that loss or damage if caused by any Covered Cause of Loss whether or not such vacancy or unoccupancy begins before the inception of this policy.

But we will pay if the building is “unoccupied” due to circumstances that are usual or incidental to the described occupancy.

This condition does not apply if the Vacancy Permit endorsement is attached.

9. VALUATION

We will determine the value of Covered Property in the event of loss or damage as follows:

- a. At actual cash value as of the time of loss or damage, except as provided in b., c., d. and e. below.
- b. “Stock” you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
- c. Glass at the cost of replacement with safety glazing material if required by law.
- d. Tenant’s Improvements and Betterments at:
  - (1) Actual cash value of the lost or damaged property if you make repairs promptly.
  - (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
    - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
    - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
  - (3) Nothing if others pay for repairs or replacement.
- e. Valuable Papers and Records, including those which exist on electronic or magnetic media (other than prepackaged programs), at the cost of:
  - (1) Blank materials for reproducing the records; and
  - (2) Prepackaged programs at the current retail price.

G. ADDITIONAL CONDITIONS

1. COINSURANCE

If a coinsurance percentage is shown in the Declarations, the following condition applies.

The value of property not covered will not be considered in the determination of any coinsurance application.

We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

- a. Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- b. Divide the Limit of Insurance of the property by the figure determined in step a.;
- c. Multiply the total amount of the covered loss, before the application of the deductible, by the figure determined in step b.
- d. Subtract the deductible from the figure determined in step c.

We will pay the amount determined in step d. or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

Example No. 1 (Underinsurance):

When: The actual cash value of the property is	\$250,000
The Coinsurance percentage for it is	80%
The Limit of Insurance for it is	\$100,000
The Deductible is	\$2,500
The actual cash value of loss is	\$40,000

Step (1):  $\$250,000 \times 80\% = \$200,000$   
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2):  $\$100,000 / \$200,000 = .50$

Step (3):  $\$40,000 \times .50 = \$20,000$

Step (4):  $\$20,000 - \$2,500 = \$17,500$

We will pay no more than \$17,500. The remaining \$22,500 is not covered.

Example No. 2 (Adequate Insurance):

When: The actual cash value of the property is	\$250,000
The Coinsurance percentage for it is	80%
The Limit of Insurance for it is	\$200,000
The Deductible is	\$2,500

The actual cash value of loss is \$40,000

Step (1):  $\$250,000 \times 80\% = \$200,000$   
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2):  $\$200,000 / \$200,000 = 1.00$

Step (3):  $\$40,000 \times 1.00 = \$40,000$

We will pay  $\$40,000 - \$2500 = \$37,500$ . No coinsurance penalty would apply.

## 2. CONCEALMENT, MISREPRESENTATION OR FRAUD

With respect to all persons insured under this policy, we provide no coverage for loss if, whether before or after a loss, one or more persons insured under this policy have:

- a. intentionally concealed or misrepresented any material fact or circumstance; or
- b. engaged in fraudulent conduct; or
- c. made false statements;

relating to this insurance.

## 3. CONTROL OF PROPERTY

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Policy at any one or more locations will not affect coverage at any location where, at the time of loss, the breach or condition does not exist.

## 4. KNOWLEDGE OR CONTROL

We will not pay for loss or damage while the chance of loss or damage is increased by any means within your knowledge or control.

## 5. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this policy unless:

- a. There has been full compliance with all of the terms of this policy; and
- b. The action is brought within 1 year after the date on which the direct physical loss or damage occurred.

## 6. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this policy without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this policy.

## 7. MORTGAGEHOLDERS

- a. The term "mortgageholder" includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.

- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this policy, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
  - (1) Pays any premium due under this policy at our request if you have failed to do so;
  - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
  - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this policy will then apply directly to the mortgageholder.

- e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this policy:
  - (1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
  - (2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgageholder at least 10 days before the effective date of cancellation.

#### 8. NO BENEFIT TO BAILEE

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

#### 9. POLICY PERIOD, COVERAGE TERRITORY

Under this policy:

- a. We cover loss or damage commencing:
  - (1) During the policy period shown in the Declarations.
  - (2) Within the coverage territory.
- b. The coverage territory is the "state" in which the premises described in the Declarations is located.

#### 10. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this policy has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

- a. Prior to a loss to your Covered Property.

b. After a loss to your Covered Property only if, at time of loss, that party is one of the following:

- (1) Someone insured by this insurance;
- (2) A business firm:
  - (a) Owned or controlled by you; or
  - (b) That owns or controls you; or
- (3) Your tenant.

This will not restrict your insurance.

#### H. DEFINITIONS

1. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
2. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.
3. "Unoccupied" means containing contents pertaining to the occupancy of the building while operations or other customary activities are suspended.
4. "Vacant" means containing no contents pertaining to operations or activities customary to occupancy of the building.



I. SPECIAL PROVISIONS

1. Any notice, sworn statement or proof of loss which may be required by the provisions of this policy may be given to the South Carolina Wind and Hail Underwriting Association, and such notice, statement or proof of loss so given shall be valid and binding as to all member companies.
2. In any action or suit under or in any way related to this policy, such action or suit may be brought against the South Carolina Wind and Hail Underwriting Association as defendant, and service of process may be made on the South Carolina Wind and Hail Underwriting Association, and such service shall be deemed valid and binding service on all member companies.
3. Wherever the term "Association" appears in this policy, it shall be construed to apply to the South Carolina Wind and Hail Underwriting Association.
4. The South Carolina Wind and Hail Underwriting Association is the agent of the member Companies with respect to all matters pertaining to this insurance. All notices, process or other communications required by or in connection with the policy shall be given to such agent, at its office in Columbia, South Carolina, and such notice to the Association shall be considered to constitute notice to the member Companies. Any requests, demands or agreements made by and any cancellation notice issued by such agent shall be deemed to have been made or issued directly by the Companies.

SOUTH CAROLINA WIND AND HAIL  
UNDERWRITING ASSOCIATION

*J. Smith Harrison, Jr.*

, Agent &  
Attorney-in-Fact for the members of the  
South Carolina Wind and Hail Underwriting Association.

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