
SINKHOLE LOSS COVERAGE

This policy is amended to include the following "terms". All other "terms" of the policy apply, except as amended by this endorsement.

DEFINITIONS

With respect to the coverage provided by this endorsement, the following definitions are added:

1. "Covered structure" means any structure, including personal property contained in the structure, to the extent covered under the "terms" of this policy.
2. Primary structural member" means a structural element designed to support and stabilize the vertical or lateral loads of the overall structure.
3. "Primary structural system" means an assemblage of "primary structural members".
4. "Sinkhole" means a subterranean void created by the dissolution of limestone or dolostone strata resulting from groundwater erosion causing a surface subsidence of soil, sediment, or rock.
5. "Sinkhole activity" means settlement or systematic weakening of the earth supporting a "covered structure", but only if the settlement or systematic weakening results from contemporaneous movement or raveling of soils, sediments, or rock materials into subterranean voids created by the effect of groundwater erosion on a limestone or similar rock foundation.
6. "Sinkhole loss" means "structural damage" to a "covered structure" caused by the sudden collapse of the earth supporting the "covered structure" as the result of "sinkhole activity".
7. "Structural damage" means foundation displacement or deflection caused by a "sinkhole", after completion of initial construction of the "covered structure", that results in:
 - a. interior floor displacement or deflection:
 - 1) in excess of variances acceptable under building standards for residential construction approved by the American National Standards Institute; and
 - 2) to the extent that the interior building structure or members are unfit for service or represent a safety hazard;
 - b. damage to "primary structural members" or "primary structural systems" that:
 - 1) results in such members or systems failing to meet the strength and performance requirements set forth in building standards for residential construction approved by the American National Standards Institute; and
 - 2) renders such structural members or structural systems unfit for service or a safety hazard; or
 - c. occupancy of the "covered structure" being prohibited by a governmental agency because of unsafe conditions.

PROPERTY COVERAGES

1. If this policy includes form DP 0001 or DP 0002, under Perils Insured Against, the following is added. If this policy includes form DP 0003, under Perils Insured Against, Coverage C -- Personal Property, the following is added:

"We" insure against direct physical loss to covered property caused by "sinkhole loss".

However, "we" do not pay for:

- a. any repair technique intended to replace, rebuild, stabilize, or restore the land, including any repair technique designed to compensate for or prevent land instability; or
- b. in the absence of "structural damage" to the "covered structure", cracking, shrinking, expansion, deterioration, or similar damages.

This coverage does not increase the "limits" that apply to the property covered.

2. Under General Exclusions, the Earth Movement exclusion does not apply with respect to the "sinkhole loss" coverage provided by this endorsement.

WHAT MUST BE DONE IN CASE OF LOSS

With respect to the coverage provided by this endorsement, the following amendments apply:

1. The first two paragraphs are deleted and replaced by the following:

The following duties apply when there is loss to covered property. With the exception of the duties that pertain to "us", these duties must be performed by "you" or "your" representative.

"We" are not obligated to provide the coverages described in this policy if the duties that pertain to "you" or "your" representative are not performed and such failure to perform is prejudicial to "us".

2. The following is added:

Additional Duties Applicable To Sinkhole Loss

- a. Upon receipt of a claim for "sinkhole loss", "we" will make an inspection of the "described location" to determine if

there has been "structural damage" to a "covered structure" resulting from possible "sinkhole activity".

- b. If, pursuant to "our" investigation of the claim, "we" determine that there is no "sinkhole loss", "we" may deny the claim.
- c. If "we" conclude that damage to a "covered structure" is inconsistent with "sinkhole activity" then, prior to denying the claim, "we" will obtain a written certification from an engineer, professional geologist, or other qualified individual stating that:
 - 1) an analysis was conducted of sufficient scope to provide an opinion within a reasonable professional probability on the cause of the observed damage; and
 - 2) "sinkhole activity" did not cause the observed damage.

d. If:

- 1) "we" obtain written certification, as set forth in item c. above, that the cause of the damage was not "sinkhole activity"; and
- 2) "you" submitted the claim without good faith grounds for submitting it;

"you" must reimburse "us" for 50% of the cost of the analysis, but not more than \$2,500 with respect to any claim.

However, "you" are required to pay reimbursement under this item d. only if "we", prior to ordering the analysis set forth in item c. above, inform "you" of "your" potential liability for reimbursement and give "you" the opportunity to withdraw the claim.

- e. If "we" verify a covered "sinkhole loss", the following additional "terms" apply:

- 1) "We" may limit "our" total claims payment for damages to the "covered structure" to the actual cash value of the "sinkhole loss" to the "covered structure", excluding costs associated with building stabilization or foundation repair, until "you" enter into a contract for the performance of building stabilization or foundation repairs in accordance with the recommendations of the engineer retained or approved by "us".
- 2) To be eligible to receive payment for building stabilization or foundation repairs, or any other loss to the "covered structure" in excess of the actual cash value of the "sinkhole loss" to the "covered structure", "you" must repair such damage or loss in accordance with a plan of repair approved by "us".
- 3) In order to prevent additional damage to the building or structure, "you" must enter into a contract for the performance of building stabilization and foundation repairs within 90 days after "we" confirm coverage for the "sinkhole loss" and notify "you" of such confirmation.
- 4) After "you" enter into the contract for the performance of building stabilization and foundation repairs as set forth in item e.3) above, subject to all other "terms" of this policy, "we" will pay the amounts necessary to begin and perform such repairs as the work is performed and expenses are incurred. "We" will not require "you" to advance payment for covered repairs.

If the "covered structure" cannot be repaired or if the cost of repair exceeds the "limits" that apply, the "terms" set forth under How Much We Pay For Loss will apply.

- 5) Without "our" written consent, "you" may not accept anything of value from any person proposing to perform the repairs described in this item e. as an inducement to contract with such person for the repairs.
- 6) The stabilization and all other repairs to the structure and contents must be completed within 12 months after entering into the contract for repairs set forth in item e.2) unless:
 - a) there is a mutual agreement between "us" and "you";
 - b) the claim is in litigation;
 - c) the claim is under appraisal or mediation; or
 - d) repairs are undertaken but cannot be completed within 12 months because of reasons beyond "your" control.

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