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# RECENT DEVELOPMENTS IN THE FIELD OF INSURANCE FOR CONDOMINIUM PROJECTS†

PATRICK J. ROHAN,\* MELVIN A. RESKIN,\*\* AND MICHAEL P. SANCHIRICO\*\*\*

## PREVAILING CONDOMINIUM INSURANCE PRACTICES — THE STATE OF THE ART

Although condominiums have been marketed on a national scale for over a decade, two aspects of such projects — insurance and condemnation — have never been satisfactorily covered.<sup>1</sup> The problems presented by eminent domain may be considered unique, if for no other reason than the high degree of probability that a condemnor is not going to appropriate part of a completed housing project. Moreover, if this did in fact occur, the court passing upon the legal consequences and damages attributable to the taking would have a degree of flexibility in reaching a just solution.

The problems arising in the casualty loss field will occur with much greater frequency and will be more difficult to resolve. Here only one or a few unit owners may be affected by a fire or other disaster. A unit owner who has installed expensive paneling or other costly improvements may experience a greater loss than a neighbor whose unit has not been improved to any measurable degree.

The complexity of the condominium insurance field, as well as the necessity for attention to detail, are aptly illustrated by the following set of facts. A lateral condominium consisting of two hundred units experienced a major fire in one of its clusters. Four units and their contents sustained substantial fire, water and smoke damage. At the time, a master casualty policy was in existence in an amount equal to five million dollars. However, this policy covered only the basic struc-

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† This article is based, in part, upon the discussion that took place at the panel on "Practical Problems in Insuring Condominiums," held in Honolulu, Hawaii, under the auspices of the American Bar Association Section on Insurance, Negligence and Compensation Law, on August 14, 1974. The participants included Harry F. Perlet, Chairman of the Property Insurance Law Committee; Gerald E. Myers of the Illinois Bar; Melvin A. Reskin of the Connecticut Bar; and Professor Patrick J. Rohan.

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<sup>1</sup> See P. ROHAN & M. RESKIN, *CONDOMINIUM LAW AND PRACTICE*, chs. 10A-11 (1973). See also Perlet, *Condominium Property Insurance*, 1974 *FORUM* 685; Even, *Problems of Insurance*, in *ILLINOIS CONDOMINIUM LAW* (Illinois Institute for Continuing Legal Education, 1974); Kenyon, *Insuring the Condominium*, 19 *PRAC. LAW* 13 (1973).

ture and the common elements. The contents of the units and any unit owner improvements were excluded from coverage. The four families made homeless as a result of the fire stood as follows with regard to insurance coverage:

- (1) unit owner *A* had no separate insurance of any kind;
- (2) unit owner *B* had a tenant's policy;
- (3) unit owner *C* had a home owner's policy; and
- (4) unit owner *D* had a homeowner's policy, with a motel coverage endorsement.

As a consequence, unit owner *A* suffered a substantial personal loss. Unit owners *B*, *C*, and *D* had some degree of protection, although their insurance policies were not properly adapted to their condominium unit owner situation. During the two months the parties were out of possession as repairs progressed, they had to pay their condominium common charges as well as the cost of motel accommodations. Only unit owner *D* was reimbursed for this latter item of expense. Nor did the unit owners' insurance troubles stop there. The board of managers of the condominium employed a public adjuster and a tentative settlement figure was reached with the carrier on the master policy. The condominium board was then able to obtain a bid from a contractor that made it possible to restore the units with the net insurance proceeds. However, the home office of the insurance carrier later subtracted a sizable amount from the settlement offer tentatively agreed upon, on the theory that, since the offering plan and project documentation indicated that the unit owners were responsible for replacement of all fixtures and floor coverings within the units, the master policy did not cover these expensive items. This position was strained, if not unconscionable, in that the fixtures and floor coverings formed part of the unit as it was sold by the developer the year before, and the wall-to-wall carpeting throughout the units actually constituted the finished surface of the floor for purposes of compliance with the applicable building code. Further, the carrier had been accepting premiums on five million dollars of coverage, which amount equalled the initial sale price of the units which included the cost of the fixtures and floor coverings. Nevertheless, the carrier and its counsel were adamant. They refused to agree to pay the lesser figure immediately, with the legal questions concerning the higher figure to be settled by later litigation or negotiation. Faced with the pressure to repair the damage as fast as possible, and the desire to move the four families back into the condominium, the board of managers accepted the lesser figure and had to renegotiate the repair contract.

The straw that broke the camel's back was a bill received for the second year's premiums that reflected a doubling of the rate. Apparently, the developer had obtained a tentative rate of one type and the final classification of the building was markedly different. Also, for aesthetic or other reasons, the developer and his architect had failed to carry the fireproof partitions three feet above the roof line and this, in turn, had a substantial adverse effect upon the fire classification of each cluster. While some savings were obtained by a comprehensive study of the property and judicious use of available discounts for safety features, the second year's premiums were substantially higher than those of the first year.

The foregoing incident, which occurred in a suburb of a major metropolitan area, reflects the complexity of the insurance problems presented by the condominium format, the lack of expertise on the part of both carriers and insurance brokers, and the price paid by the unit purchaser for this uninterrupted cycle of neglect. The situation is all the more distressing when one realizes that the unit owners are insuring their projects to full replacement value, and paying premiums for this coverage at a rate that is not matched in any other type of housing.

#### THE INSURANCE SERVICES OFFICE FORMS

A major step toward clarification of the condominium insurance picture was taken this past year by the Insurance Services Office (ISO), a nationwide service organization within the insurance industry. This trade group formulated standard master and unit owner policies for use in the condominium field.<sup>2</sup> In the relatively few months since these forms first appeared, over half the states have approved their use. These forms should go a long way toward eliminating the confusion that presently exists as to the proper policies for condominium projects and the appropriate method of integrating master and unit owner policies.

The available policies come in two forms: the so-called "commercial series," covering both the property and liability insurance needs of the condominium association; and the unit owner forms, covering loss to personal property and damage to unit interiors. The commercial policies carry the designations MLB-29 (Appendix 1), MLB-29A (Appendix 2), MLB-29B (Appendix 3), MLB-29C (Appendix 4), and MLB-29D (Appendix 5). The individual unit owner forms are designated "Condominium Unit Owners" form HO-6 (Ap-

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<sup>2</sup> These forms are set forth as Appendices 1 through 7. Additional data concerning these forms can be obtained by writing the Insurance Services Office, 160 Water Street, New York, New York.

pendix 6) and "Multi-Purpose Endorsement" form HO-CO<sup>3</sup> (Appendix 7). These forms were extensively reviewed by Gerald E. Myers, a Chicago, Illinois broker, in an address delivered at the annual convention of the American Bar Association on August 14, 1974.

### *Association Master Policies*

Forms MLB-29 through MLB-29D are designed to cover the common elements and as much of the individual unit owners' property attached to the structure as the board of managers desires. Being a package policy, the master policy will include liability coverage, but only for accidents arising out of the common elements and association employees' misfeasance and nonfeasance. MLB forms 29 and 29A resemble prior "limited property" and "broad property" coverage forms. The former offers "named peril" protection, while the latter provides "all risk" protection, subject to certain exclusions, such as wear and tear, landslide, earthquake and flooding. Both forms contain a "Property Not Covered" section, Paragraph A of which excludes that portion of the building within each individual unit. However, endorsement MLB-29B, "SMP Condominium Endorsement," can be added to the master policy if the board of managers desires. Option No. 1 of this endorsement covers "fixtures, installations or additions comprising a part of the building . . . in accordance with the original condominium plans and specifications." Option 2 extends coverage to such property "installed by or at the expense of the unit owners," while Option 3 is left blank to allow for coverage of additional unit owner property, such as plaster and interior partitions. Form 29C, the "Condominium Agreed Amount Endorsement," eliminates the coinsurance clause for one year, upon the filing of an annual statement of value (Form 29D), and an adjustment of the amount of insurance to at least ninety percent of the stated value.

### *Unit Owner Policies*

The basic unit owner policy, Form HO-6, covers loss of personal property and as much of the interior of the unit as is not adequately covered under the master policy. Section II of this form covers personal liability arising out of ownership or use of one's unit, as well as personal liability stemming from accidents off the premises. The basic form includes coverage in the amount of \$1,000 for "fixtures, installa-

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<sup>3</sup> Form HO-CO, prepared in March 1974, was unavailable for publication at the time this article went to press. However, reprinted in Appendix 7 is Form HO-CO-F, a January 1974 edition, which is substantially similar in content.

tions or additions to the unit." This amount may be increased by a special endorsement. The coverage supplied by this form is on a "named peril" basis and is broader than fire and extended coverage but not as broad as the coverage afforded by the master policy form (MLB-29A). However, this coverage can be broadened by means of a special endorsement or by the "Multi-Purpose Endorsement" (Form HO-CO).

The new policy forms eliminate some of the difficulties that existed under prior insurance forms. This has been accomplished insofar as the new forms 1) dovetail master and unit policies when properly used; 2) treat the master policy as the "primary" policy in the area of property coverage; 3) waive the right of the carrier on the master policy to subrogation against individual unit owners; 4) name individual unit owners as additional insureds under the master liability policy insofar as liability arises out of ownership and control of the common elements; 5) revise the standard mortgagee clause on the master policy to provide that the "loss . . . shall be payable to the insurance Trustee" instead of the unit mortgagee; and 6) contain a "no control" clause to the effect that the master policy shall not be prejudiced by the act or negligence of any owner when not within the control of the association or board of managers.

### *Problems Not Resolved by the New Forms*

While the new insurance forms are a marked improvement over previously available policies, they are not a panacea for all condominium casualty and liability problems.

#### A. Depreciation

As a building ages, depreciation becomes a factor to be considered in evaluating any loss and a suitable amount will be deducted from the overall award to reflect this factor. Accordingly, a "replacement cost" rider should be added to the basic policy of the association and an additional premium paid to eliminate the deduction that would otherwise be made on account of depreciation.

#### B. Building Restrictions and Zoning Ordinances

Special riders must be added to cover the possibility that reconstruction costs may be increased, or reconstruction prohibited, by restrictions or local ordinances which prohibit or impede restoration of heavily damaged properties.

### *Unit Coverage Under Master Policy*

Where the prevailing condominium statute or project documents require the board of managers to cover common elements with fire and extended coverage, individual unit owners may seek broader protection for their holdings. "All risk" insurance will be available to them under their unit policies, but at a higher premium.

Mr. Myers rejected the suggestion that coverage be fashioned in the form of master policies with individual unit policies tied in with the master policy and purchased from the same carrier. He noted that no two unit owners will have the same life style and insurance needs. In addition, he envisages the following practical difficulties if an attempt were made to carry out such a program:

- (1) How does the board of managers arrive at the current value of the common elements plus unit owner improvements and personalty?
- (2) Where damage results from an uninsured peril or insurance proceeds are insufficient, are owners of undamaged units required to contribute to the cost of restoring the damaged units?
- (3) Who must cover the condominium policy deductible where units and common elements are damaged?
- (4) Where the board of managers elects to insure the premises as originally constructed how are alterations and improvements to be handled?
- (5) Where the board of managers agrees to insure the units as they existed as of a specified date, how are subsequent unit purchasers on resale to know when improvements were added to a particular unit and whether such improvements are covered by the master policy?
- (6) Should individual unit owners be charged for the cost of insuring additions and improvements to their units, and would such excess premium charges be valid under prevailing condominium statutes?

It is not at all certain, however, that the problems posed above are insurmountable.

### INDIVIDUAL CARRIER POLICY VARIATIONS

While the ISO forms will furnish the framework for most future condominium policies, individual carriers may be expected to issue their own versions of these forms. One of the first nationwide insurance companies to market a complete line of such policies was Allstate Insurance Company. The coverage offered by this carrier includes:

- (1) *Property Damage*. Such coverage is intended to protect the building itself, and all commonly owned property such as

game room furniture, furniture in lobbies and other common areas, lawn care equipment and furniture, and vacuum cleaners and supplies, from loss or damage from such hazards as fire, smoke, lightning, windstorm and collapse of building. A policy covering "all risks" of physical damage to the building is generally the best. This type covers loss or damage from all hazards except those specifically excluded.

- (2) *Liability*. The association policy should also include protection from liability losses that result from the ownership or use of common areas.
- (3) *Theft*. All commonly owned property, including those items mentioned above, should be protected from theft and from damage done by thieves.
- (4) *Excess Liability*. This coverage provides added protection for large liability losses which may arise out of the ownership or use of common property.
- (5) *Boiler and Machinery*. This protection is generally provided where the condominium has central heating and air conditioning units. Where applicable, the association policy should include coverage on swimming pool heaters, pumps and filters, and water pumps needed in high-rise condominiums.
- (6) *Plate Glass*. If the condominium has many large windows, they may not be covered for all hazards in a basic policy. To get protection, one may need "plate glass coverage" in the association policy.
- (7) *Fidelity Coverage*. Any person handling the joint funds of the association should be bonded. This would include the treasurer, other officers, the manager and anyone else who has access to the funds of the association. The association policy should provide this protection.
- (8) *Workmen's Compensation and Employer's Liability*. If the condominium employs guards, maintenance men, a manager or other employees, the association policy should provide Workmen's Compensation Insurance in accordance with state law. In some states, this coverage should also include protection for workmen or contractors who work on the premises, even though they are not employees of the association.



If the condominium is subject to damage from other hazards, such as floods or earthquakes, coverage should be provided to protect against them as well.

An overall comparison of the condominium unit owner policy and the traditional homeowner's policy reveals that the unit owner policy furnishes protection against a greater variety of hazards at less cost than the comparable homeowner policy. The company offers comprehensive coverage that includes a wide scope of protection.

- (1) *Condominium Loss Assessments Coverage.* This provision covers the unit owner's share of most losses when the association policies are inadequate, up to \$1,000 (or \$50,000 if the higher limit is elected) subject to a \$250 deductible per occurrence. The coverage extends to assessments caused by losses from accidents (non-auto) resulting in bodily injury to others, physical damage to commonly owned property and liability losses resulting from such things as libel, slander, defamation of character, discrimination and false arrest. The loss assessment coverage is of particular value to the unit owner since it pays the insured's share of special assessments stemming from such risks as physical loss to the condominium's property, liability and guest medical payments, personal injury, and false arrest, libel, civil rights law violations, etc.
- (2) *Additions and Alterations Coverage.* This provision affords unit owners protection should interior decorating added by the unit owner, such as paneling, wallpaper or light fixtures, be damaged by an insured hazard. Payments may extend the policy's property limit up to 10 percent, with higher limits available at additional cost.
- (3) *Additional Living Expenses.* Expenses such as hotel and restaurant bills incurred when an insured hazard damages a unit and the owner is forced to move out are included in this coverage. Payments can extend to up to 40 percent of the policy's property limit.

It is anticipated that all carriers will be offering comparable policies in the near future.

#### CONCLUSION AND RECOMMENDATION

The fashioning of an adequate insurance program for a condominium requires the concerted effort of the insurance carrier, the draftsman of the project documents, the board of managers. Observance of the fol-

lowing practices and procedures should go a long way toward eliminating the twin evils of overlapping policies and gaps in coverage.

First, the project documents should call for master casualty and liability policies and provide the machinery for an annual review of the coverage and dollar limits of the insurance program. The master policy itself should either name the constituent unit owners as additional insureds or contain a waiver of the right of subrogation against these individuals and their family members. Specific endorsements waiving both the "no control" and the "pro rata" clauses should also be sought. The pro rata clause, of course, must be waived in order to prevent the master casualty policy from being brought into contribution with any unit owner policies that might provide coverage on the building.

Second, fixtures and floor coverings that constitute part of the original unit, as well as later replacements for these items, should be specifically included in the master policy. The project documents should stipulate that these items will be so covered in the case of casualty loss, but that the individual unit owner will bear the expense of repair or replacement in the event such is necessitated by ordinary wear and tear.

Third, while it is illegal to require unit owners to purchase insurance from a specified carrier, such as the insurer that issued the master policy, the board of managers is free to advise unit owners that loss settlements would be facilitated if unit policies were purchased from the company that is writing the master policy.

Fourth, the board of managers and their counsel should furnish each unit owner with a detailed description of the coverage that is provided through the master policy and exactly what items of exposure remain to be covered by the individual unit owner's policy. Among the essential items of insurance to be acquired on the latter basis are fire and extended coverage on unit owner improvements, including fixtures and floor coverings (if not covered by the master policy), theft, liability insurance, and additional living expenses for the period the unit is rendered uninhabitable. Coverage for special assessments that might be levied by the board of managers to meet repair costs is also advisable.

Fifth, before a unit owner agrees to hold office as a member of the board of managers, he should make certain that officers and directors insurance has been purchased to cover this area of exposure.

Finally, the board of managers should consult insurance advisors and knowledgeable managing agents to ascertain just what types of additional insurance should be acquired for the condominium. Such a

consultation might disclose the need for bailee coverage, boiler insurance, fidelity bonds, coverage for "Dram Shop" liability if the common elements contain a restaurant or other facility in which alcoholic beverages are sold, and like forms of extraordinary insurance.<sup>4</sup>

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<sup>4</sup> For a discussion of the types of unit owner policies and endorsements currently being marketed by major insurance carriers, see 2 CONDOMINIUM REP., Aug. 1974, at 7-8.

## APPENDIX I



## SMP CONDOMINIUM—ADDITIONAL POLICY PROVISIONS

MLB-29  
(Ed 1-74)

The provisions of the policy of which this form is made a part are hereby amended in the following respects:

1. The Company waives its right of subrogation against any unit-owner of the described condominium but in all other respects the subrogation provision appearing under "THE FOLLOWING PROVISIONS APPLY TO SECTIONS I AND II" remains unchanged.
2. The "Persons Insured" provision of the SMP Liability Insurance Form made a part of this policy is amended to include as an insured each individual unit-owner of the described condominium, but only with respect to his liability arising out of the ownership, maintenance or repair of that portion of the premises which are not reserved for his exclusive use or occupancy.

SMP CONDOMINIUM GENERAL PROPERTY FORM  
SECTION I—PROPERTY COVERAGE

## LOSS PAYABLE CLAUSE

1. Subject in all other respects to the provisions of the Mortgage Clause of this policy, loss, if any, shall be adjusted with the Named Insured but shall be payable to the insurance trustee designated by the appropriate governing body of the Association
2. Such payment to the insurance trustee shall constitute a complete discharge of this Company's liability under this policy for such loss.

## I. PROPERTY COVERED

**COVERAGE A—BUILDING(S):** When the insurance under this policy covers buildings, such insurance shall also cover additions and extensions attached thereto; fixtures, machinery and equipment constituting a permanent part of and pertaining to the service of the building; materials and supplies intended for use in construction, alteration or repair of buildings; yard fixtures; detachable building equipment; personal property of the Named Insured, or in which each of the condominium unit-owners has an undivided interest, used for the service or maintenance of the described buildings, including fire extinguishing apparatus, floor coverings and outdoor furniture (but not including other personal property located in lobbies, hallways or in units or rooms furnished by the Named Insured); all while at the described locations.

**COVERAGE B—PERSONAL PROPERTY:** When the insurance under this policy covers personal property, such insurance shall cover all personal property owned by the Named Insured or in which each of the condominium unit-owners has an undivided interest, including bullion, manuscripts, furniture, fixtures, equipment and supplies not otherwise covered under this policy and shall also cover the Named Insured's interest in personal property owned by others to the extent of labor and materials expended thereon by the Named Insured, all while in or on the described buildings, or in the open, including within vehicles, on the described premises or within 100 feet thereof.

**PERSONAL PROPERTY OF OTHERS:** The Named Insured may apply at each

**DEBRIS REMOVAL—COVERAGE A—BUILDING(S) OR COVERAGE B—PERSONAL PROPERTY:** This policy covers expense incurred in the removal of debris of the property covered hereunder which may be occasioned by loss by a peril insured against. The total amount recoverable under this policy shall not exceed the limit of liability stipulated for each item. Cost of removal of debris shall not be considered in the determination of actual cash value when applying the Coinsurance Clause.

location up to 2%, but not exceeding \$2,000, of the limit of liability specified for Coverage B—Personal Property at such location, as an additional amount of insurance, to cover for the account of the owners thereof (other than the Named Insured) direct loss by a peril insured against to personal property, similar to that covered by this policy, belonging to others while in the care, custody or control of the Named Insured and only while on the described premises or within 100 feet thereof

Loss shall be adjusted with the Named Insured for the account of the owners of the property, except that the right to adjust any loss with the owners is reserved to the Company and the receipts of the owners in satisfaction thereof shall be in full satisfaction of any claim by the Named Insured for which payments have been made. As respects personal property belonging to others, this provision shall replace any loss payable provision of this policy.

The Coinsurance Clause of this form or the Value Reporting and Full Reporting Clauses of the Reporting Provisions of any other form made a part of this policy shall not apply to this coverage, and when applying said clauses to insurance covering property owned by the Named Insured, the value of personal property of others shall not be considered in the determination of actual cash value.

When there is Contributing Insurance, the Company shall not be liable for more than its pro rata share of the limit applying to personal property of others.

## II. PROPERTY NOT COVERED

In addition to the kinds of property which are otherwise excluded or limited under this policy, the following are also excluded from coverage under this form:

- A. Under **COVERAGE A—BUILDING(S):** Property of any kind or description contained within the unfinished interior surfaces of the perimeter walls, floors and ceilings of condominium units, except (1) common building elements and (2) pipes, wires, conduits and other utilities contained within easements appurtenant to the common building elements and within such condominium units
- B. Household and personal property owned by, used by or in the care, custody or control of the owner of a condominium unit, but this

exclusion shall not apply to such property owned by the Named Insured and rented to the owner of a condominium unit.

- C. Stocks of merchandise including supplies incidental to the handling, delivery or shipment of such merchandise (and other personal property held for sale or sold but not removed) and store furniture, fixtures, machinery and equipment.
- D. Animals and pets; aircraft; watercraft, including motors, equipment and accessories (except rowboats and canoes, while out of water and on the described premises); and automobiles, trailers, semi-trailers or any self-propelled vehicles or machines, except motorized equipment not licensed for use on public thoroughfares and operated principally on the premises of the insured.

- E. Outdoor swimming pools; fences; piers, wharves and docks; beach or diving platforms or appurtenances; retaining walls not constituting a part of building; walks, roadways and other paved surfaces; unless such items are specifically covered by endorsement.
- F. The cost of excavations, grading or filling; foundations of buildings, machinery, boilers or engines which foundations are below the under-surface of the lowest basement floor, or where there is no basement, below the surface of the ground; pilings, piers, pipes, flues and drains which are underground; pilings which are below the low water mark.
- G. Outdoor signs, whether or not attached to a building unless specifically covered by endorsement.
- H. Growing crops and lawns.
- I. Trees, shrubs and plants, except when held for sale or sold but not delivered, or to the extent provided in the Extensions of Coverage.
- J. Property which is more specifically covered in whole or in part under this or any other contract of insurance.

### III. PERILS INSURED AGAINST

This policy insures under Section I against all direct loss to the property covered under this form caused by the following perils, except as otherwise specifically provided:

- A. Fire.
- B. Lightning.
- C. Windstorm and Hail:
  - 1. The Company shall not be liable as respects these perils for loss caused directly or indirectly by frost or cold weather or ice (other than hail), snow or sleet, whether driven by wind or not.
  - 2. The Company shall not be liable as respects these perils for loss to the interior of the buildings or the property covered therein caused
    - a. by rain, snow, sand or dust, whether driven by wind or not, unless the buildings covered or containing the property covered shall first sustain an actual damage to roof or walls by the direct action of wind or hail and then shall be liable for loss to the interior of the buildings or the property covered therein as may be caused by rain, snow, sand or dust entering the buildings through openings in the roof or walls by direct action of wind or hail; or
    - b. by water from sprinkler equipment or other piping, unless such equipment or piping be damaged as a direct result of wind or hail.
  - 3. Unless specifically covered by endorsement, the Company shall not be liable as respects these perils for damage to the following property:
    - a. grain, hay, straw or other crops outside of buildings;
    - b. windmills, windpumps or their towers;
    - c. crop silos or their contents;
    - d. metal smokestacks or, when outside of buildings, awnings or canopies (fabric or stat) including their supports;
    - e. outdoor radio or television antennas including their lead-in wiring, masts or towers;
    - f. trees, shrubs and plants.
  - D. Explosion: Loss by explosion shall include direct loss resulting from the explosion of accumulated gases or unconsumed fuel within the firebox (or combustion chamber) of any fired vessel or within the flues or passages which conduct the gases of combustion therefrom. The

Company shall not be liable for loss by explosion of steam boilers, steam pipes, steam turbines or steam engines, if owned by, leased by or operated under the control of the insured. The following are not explosions within the intent or meaning of these provisions:

- 1. Shock waves caused by aircraft, generally known as "sonic boom".
- 2. Electric arcing.
- 3. Rupture or bursting of rotating or moving parts of machinery caused by centrifugal force or mechanical breakdown.
- 4. Water hammer.
- 5. Rupture or bursting of water pipes.
- 6. Rupture or bursting due to expansion or swelling of the contents of any building or structure, caused by or resulting from water.
- 7. Rupture, bursting or operation of pressure relief devices.
- E. Sudden and Accidental Damage from Smoke, other than smoke from agricultural smudging or industrial operations.
- F. Vehicles or Aircraft: Loss by aircraft or by vehicles shall mean only direct loss resulting from actual physical contact of an aircraft, including self-propelled missiles or spacecraft, or a vehicle with the property covered hereunder or with the buildings containing the property covered hereunder, except that loss by aircraft includes direct loss by objects falling therefrom.

The Company shall not be liable as respects this peril for loss

- 1. by any vehicle owned or operated by the insured or by any occupant of the described premises; or
- 2. to any aircraft or vehicle, including contents thereof, other than stocks of aircraft or vehicles in process of manufacture or for sale.
- G. Riot, Riot Attending a Strike and Civil Commotion: Loss by riot, riot attending a strike or civil commotion shall include direct loss by acts of striking employees of the owner or occupants of the described buildings while occupied by said striking employees and shall also include under this peril direct loss from pillage and looting occurring during and at the immediate place of a riot, riot attending a strike or civil commotion.

The Company shall not be liable as respects this peril for loss resulting from damage to or destruction of the described property owing to change in temperature or humidity or interruption of operations, whether or not such loss is covered by this policy as to other perils.

### IV. EXTENSIONS OF COVERAGE

The liability of the Company for loss in any one occurrence, including loss under these Extensions of Coverage, shall not exceed the limit of liability specified for the coverages being extended.

The total amount recoverable under the Extensions of Coverage in this form and Extensions of Coverage in any other form made a part of this policy are not cumulative and shall not exceed the largest amount recoverable under any single form made a part of this policy.

When there is Contributing Insurance, the Company shall not be liable for more than its pro rata share of the limits set forth in the following Extensions of Coverage.

- A. Newly Acquired Property:
  - 1. The Named Insured may apply up to 10%, but not exceeding \$25,000, of the limit of liability specified for Coverage A—Building(s) to cover direct loss in any one occurrence by a peril insured against to the following described property:
    - a. New additions, new buildings and new structures when constructed on the described premises and intended for similar occupancy. This coverage shall cease 30 days from the date construction begins or on the date the values of new construction are reported to the Company, or on the expiration date of the policy, whichever occurs first.

- b. Buildings acquired by the Named Insured at any location, elsewhere than at the described premises, within the territorial limits of this policy and used by him for similar occupancies or warehouse purposes. This coverage shall cease 30 days from the date of such acquisition or on the date values of the buildings are reported to the Company, or on the expiration date of the policy, whichever occurs first
2. The Named Insured may apply up to 10%, but not exceeding \$10,000, of the limit of liability specified for Coverage B—Personal Property to cover direct loss in any one occurrence by a peril insured against to such property at any location (except fairs and exhibitions) acquired by the Named Insured, elsewhere than at the described premises, within the territorial limits of this policy. This coverage shall cease 30 days from the date of such acquisition or on the date values at such locations are reported to the Company, or on the expiration date of the policy, whichever occurs first

Additional premium shall be due and payable for values so reported from the date construction begins or the property is acquired.

- B. Off-Premises: The Named Insured may apply up to 2%, but not exceeding \$5,000, of the sum of the limits of liability specified for Coverage A—Building(s) and Coverage B—Personal Property at a described location to cover direct loss in any one occurrence by a peril insured against to such property (other than merchandise or stock) while removed from such location for purposes of cleaning, repairing, reconstruction or restoration. This Extension of Coverage shall not apply to property in transit, nor to property on any premises owned, leased, operated or controlled by the Named Insured.
- C. Personal Effects: The Named Insured may apply up to \$500 of the limit of liability specified for Coverage B—Personal Property to cover direct loss in any one occurrence by a peril insured against to personal effects while located on the described premises, belonging to the Named Insured, officers, partners or employees thereof, and limited to \$100 on personal effects owned by any one individual. This Extension of Coverage does not apply if the loss is covered by any other insurance, whether collectible or not, or which would have been covered by such other insurance in the absence of this policy. At the option of the Company, loss under this Extension of Coverage may be adjusted with and payable to the Named Insured.
- D. Valuable Papers and Records: The Named Insured may apply up to \$500 of the limit of liability specified for Coverage B—Personal Property to cover direct loss in any one occurrence by a peril insured against under Coverage B—Personal Property of this form to valuable papers and records consisting of books of account, manuscripts, abstracts, drawings, card index systems, film, tape, disc, drum, cell and other magnetic recording or storage media for electronic data processing, and other records, all the property of the Named Insured at described locations. This Extension of Coverage covers only the cost of research and other expense necessarily incurred by the Named Insured to reproduce, replace or restore such valuable papers and records. The total amount payable in any one occurrence under this Extension of Coverage shall not exceed the limit specified above, regardless of the number of described locations.
- E. Trees, Shrubs and Plants: The Named Insured may apply up to \$1,000 of the sum of the limits of liability specified for Coverage A—Building(s) and Coverage B—Personal Property to cover trees, shrubs and plants at the described location against direct loss in any one occurrence by the perils of fire, lightning, explosion, riot, civil com-

motion or aircraft, but only to the extent such perils are insured against herein. The Company shall not be liable for more than \$250 on any one tree, shrub or plant, including expense incurred for removing debris thereof.

- F. Extra Expense: The Named Insured may apply up to \$1,000 of the sum of the limits of liability specified for Coverage A—Building(s) and Coverage B—Personal Property to cover the necessary extra expense incurred by the Named Insured in order to continue as nearly as practicable the normal operation of the described condominium immediately following damage by a peril insured against to the buildings or personal property situated at the described locations.

"Extra expense" means the excess of the total cost incurred during the period of restoration chargeable to the operation of the condominium over and above the total cost that would normally have been incurred to operate the condominium during the same period had no loss occurred. Any salvage value of property obtained for temporary use during the period of restoration, which remains after the resumption of normal operations, shall be taken into consideration in the adjustment of any loss hereunder.

"Period of restoration" means that period of time, commencing with the date of damage and not limited by the date of expiration of this policy, as would be required with the exercise of due diligence and dispatch to repair, rebuild or replace such part of said buildings or personal property thereof as have been damaged.

The Company shall not be liable under this Extension of Coverage for

1. loss of income;
2. the cost of repairing or replacing any of the described property, or the cost of research or other expense necessary to replace or restore books of account, manuscripts, abstracts, drawings, card index systems, film, tape, disc, drum, cell and other magnetic recording or storage media for electronic data processing, and other records that have been damaged by a peril insured against, except cost in excess of the normal cost of such repair, replacement or restoration necessarily incurred for the purpose of reducing the total amount of extra expense. In no event shall such excess cost exceed the amount by which the total extra expense otherwise payable under this Extension of Coverage is reduced.
3. any other consequential or remote loss.
- G. Replacement Cost: In the event of loss to a building structure covered under this policy, when the full cost of repair or replacement is less than \$1,000, the coverage of this policy is extended to cover the full cost of repair or replacement (without deduction for depreciation) Coverage shall be applicable only to a building structure covered hereunder, but excluding carpeting, cloth awnings, air-conditioners, domestic appliances and out-door equipment, all whether permanently attached to the building structure or not.

The Company shall not be liable under this Extension of Coverage.

1. unless and until the damaged property is actually repaired or replaced on the same premises with due diligence and dispatch, and, in no event, unless repair or replacement is completed within a reasonable time after such loss;
2. unless the whole amount of insurance applicable to the building structure for which claim is made is equal to or in excess of the amount produced by multiplying the co-insurance percentage applicable (specified in this policy) by the actual cash value of such property at the time of the loss.

## V. EXCLUSIONS

This policy does not insure under this form against:

- A. Loss occasioned directly or indirectly by:
1. enforcement of any local or state ordinance or law regulating the construction, repair or demolition of buildings or structures unless such liability is otherwise specifically assumed by endorsement;
  2. electrical currents artificially generated unless loss by fire or explosion as insured against hereunder ensues, and then the Company shall be liable for only such ensuing loss.
- B. Loss caused by or resulting from power, heating or cooling failure, unless such failure results from physical damage to power, heating or cooling equipment situated on premises where the property covered is located, caused by a peril insured against. The Company shall not be liable for any loss specifically excluded under the not provisions of this form

- C. Loss caused by, resulting from, contributed to or aggravated by any of the following:

1. earth movement, including but not limited to earthquake, landslide, mudflow, earth sinking, earth rising or shifting;
2. flood, surface water, waves, tidal water or tidal wave, overflow of streams or other bodies of water, or spray from any of the foregoing, all whether driven by wind or not;
3. water which backs up through sewers or drains;
4. water below the surface of the ground including that which exerts pressure on or flows, seeps or leaks through sidewalks, driveways, foundations, walls, basement or other floors, or through doors, windows or any other openings in such sidewalks, driveways, foundations, walls or floors.

unless loss by fire or explosion as insured against hereunder ensues, and then the Company shall be liable for only such ensuing loss.

### VI. COINSURANCE CLAUSE

The Company shall not be liable for a greater proportion of any loss to the property covered hereunder than the limit of liability under this policy for such property bears to the amount produced by multiplying the coinsurance percentage applicable (specified in this policy) by the actual cash value of such property at the time of the loss.

In the event that the aggregate claim for any loss is both less than \$10,000 and less than 5% of the limit of liability for all contributing insurance applicable to the property involved at the time such loss occurs, no special inventory and appraisal of the undamaged property shall

be required, provided that nothing herein shall be construed to waive the application of the first paragraph of this clause.

If insurance under Section I of this policy is divided into separate limits of liability, the foregoing shall apply separately to the property covered under each such limit of liability.

The value of property covered under Extensions of Coverage, and the cost of the removal of debris, shall not be considered in the determination of actual cash value when applying the Coinsurance Clause.

### VII. DEDUCTIBLE CLAUSE

The following deductible clause supersedes and replaces all other deductible clauses of \$100 or less in Section I of this policy with respect to Coverage A—Building(s) and Coverage B—Personal Property.

The sum of \$100 shall be deducted from the amount of loss to property in any one occurrence resulting from any of the perils insured against. This deductible shall apply separately to each building (including personal property therein), separately to personal property in each building if no coverage is provided on the containing building, and separately to personal property in the open.

### VIII. VALUATION

Subject to the provisions and stipulations of this policy, the following bases for valuation of property are established:

A. Books of account, manuscripts, abstracts, drawings, card index systems and other records (except film, tape, disc, drum, cell and other magnetic recording or storage media for electronic data processing) for not exceeding the cost of blank books, cards or other

blank material.

B. Film, tape, disc, drum, cell and other magnetic recording or storage media for electronic data processing for not exceeding the cost of such media in unexposed or blank form.

C. All other property at actual cash value.

### IX. CONDITIONS

A. **Permits and Use:** Except as otherwise provided herein, permission is hereby granted:

1. to make alterations and repairs;
2. for such unoccupancy as is usual or incidental to the described occupancy but vacancy is limited to the 60 day period permitted by the policy conditions;
3. in the event of loss hereunder, to make reasonable repairs, temporary or permanent, provided such repairs are confined solely to the protection of the property from further damage, and provided further that the Named Insured shall keep an accurate record of such repair expenditures. The cost of any such repairs directly attributable to damage by any peril insured hereunder shall be included in determining the amount of loss hereunder. Nothing herein contained is intended to modify the policy requirements applicable in case loss occurs.

B. **Loss Clause:** Any loss hereunder shall not reduce the amount of this policy.

C. **Mortgage Clause:** Applicable to buildings only (this entire clause is void unless name of mortgagee (or trustee) is inserted in the Declarations): Loss, if any, under this policy, shall be payable to the mortgagee (or trustee), named on the first page of this policy, as interest may appear under all present or future mortgages upon the property herein described in which the aforesaid may have an interest as mortgagee (or trustee) in order of precedence of said mortgages, and this insurance as to the interest of the mortgagee (or trustee) only therein, shall not be invalidated 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 in case the mortgagor or owner shall neglect to pay any premium due under this policy, the mortgagee (or trustee) shall, on demand, pay the same. Provided also, that the mortgagee (or trustee) shall notify the Company of any change of ownership or occupancy or increase of hazard which shall come to the knowledge of said mortgagee (or trustee) and, unless permitted by this policy, it shall be noted thereon and the mortgagee (or trustee) shall, on demand, pay the premium for such increased hazard for the term of the use thereof, otherwise this policy shall be null and void. The Com-

pany reserves the right to cancel this policy at any time as provided by its terms, but in such case this policy shall continue in force for the benefit only of the mortgagee (or trustee) for ten days after notice to the mortgagee (or trustee) of such cancellation and shall then cease, and the Company shall have the right, on like notice, to cancel this agreement.

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

Subject in all other respects to the provisions of this Mortgage Clause any loss to building(s) covered under this policy, which normally would be payable to the mortgagee(s) named in this policy, shall be paid to the Insurance Trustee.

In the event this policy is cancelled at any time by either the Company or the Named Insured as provided by its terms, this insurance shall continue in force for the benefit of only the named mortgagee(s), for 10 days after giving written notice to such mortgagee(s) of such cancellation and shall then cease.

D. **No Control Provision:** The "No Control" policy provision is superseded and replaced by the following:

No Control: The insurance shall not be prejudiced (a) by any act or neglect of any occupants or owners of the building(s) when such act or neglect is not within the control of the Named Insured (or unit-owners collectively), or (b) by failure of the Named Insured (or unit-owners collectively) to comply with any warranty or condition with regard to any portion of the premises over which the Named Insured (or unit-owners collectively) have no control.

E. **Other Insurance:** If at the time of loss there is other insurance in the name of a unit-owner covering the same property covered by this policy, the insurance afforded by this policy shall be primary and not contributing with such other insurance.

## APPENDIX 2



## SMP CONDOMINIUM—ADDITIONAL POLICY PROVISIONS

MLB-29A  
(Ed. 1-74)

The provisions of the policy of which this form is made a part are hereby amended in the following respects:

1. The Company waives its right of subrogation against any unit-owner of the described condominium but in all other respects the subrogation provision appearing under "THE FOLLOWING PROVISIONS APPLY TO SECTIONS I AND II" remains unchanged.
2. The "Persons Insured" provision of the SMP Liability Insurance Form made a part of this policy is amended to include as a Named Insured each individual unit-owner of the described condominium, but only with respect to his liability arising out of the ownership, maintenance or repair of that portion of the premises which are not reserved for his exclusive use or occupancy.

SMP SPECIAL CONDOMINIUM PROPERTY FORM  
SECTION I—PROPERTY COVERAGE

## LOSS PAYABLE CLAUSE

1. Subject in all other respects to the provisions of the Mortgage Clause of this policy, loss, if any, shall be adjusted with the Named Insured but shall be payable to the insurance trustee designated by the appropriate governing body of the Association.
2. Such payment to the insurance trustee shall constitute a complete discharge of this company's liability under this policy for such loss.

## I. PROPERTY COVERED

**COVERAGE A—BUILDING(S):** When the insurance under this policy covers buildings, such insurance shall also cover additions and extensions attached thereto; fixtures, machinery and equipment constituting a permanent part of and pertaining to the service of the building; materials and supplies intended for use in construction, alteration or repair of buildings; yard fixtures; detachable building equipment; personal property of the Named Insured, or in which each of the condominium unit-owners has an undivided interest, used for the service or maintenance of the described buildings, including fire extinguishing apparatus, floor coverings and outdoor furniture (but not including other personal property located in lobbies, hallways or in units or rooms furnished by the Named Insured); all while at the described locations.

**COVERAGE B—PERSONAL PROPERTY:** When the insurance under this policy covers personal property, such insurance shall cover all personal property owned by the Named Insured or in which each of the condominium unit-owners has an undivided interest, including bullion, manuscripts, furniture, fixtures, equipment and supplies not otherwise covered under this policy and shall also cover the Named Insured's interest in personal property owned by others to the extent of labor and materials expended thereon by the Named Insured; all while in or on the described buildings, or in the open, including within vehicles, on the described premises or within 100 feet thereof.

**PERSONAL PROPERTY OF OTHERS:** The Named Insured may apply at each

**DEBRIS REMOVAL—COVERAGE A—BUILDING(S) OR COVERAGE B—PERSONAL PROPERTY:** This policy covers expense incurred in the removal of debris of the property covered hereunder which may be occasioned by loss by a peril insured against. The total amount recoverable under this policy shall not exceed the limit of liability stipulated for each item. Cost of removal of debris shall not be considered in the determination of actual cash value when applying the Coinsurance Clause.

location up to 2%, but not exceeding \$2,000, of the limit of liability specified for Coverage B—Personal Property at such location, as an additional amount of insurance, to cover for the account of the owners thereof (other than the Named Insured) direct loss by a peril insured against to personal property, similar to that covered by this policy, belonging to others while in the care, custody or control of the Named Insured and only while on the described premises or within 100 feet thereof.

Loss shall be adjusted with the Named Insured for the account of the owners of the property, except that the right to adjust any loss with the owners is reserved to the Company and the receipts of the owners in satisfaction thereof shall be in full satisfaction of any claim by the Named Insured for which payments have been made. As respects personal property belonging to others, this provision shall replace any loss payable provision of this policy.

The Coinsurance Clause of this form or the Value Reporting and Full Reporting Clauses of the Reporting Provisions of any other form made a part of this policy shall not apply to this coverage, and when applying said clauses to insurance covering property owned by the Named Insured, the value of personal property of others shall not be considered in the determination of actual cash value.

When there is Contributing Insurance, the Company shall not be liable for more than its pro rata share of the limit applying to personal property of others.

## II. PROPERTY NOT COVERED

In addition to the kinds of property which are otherwise excluded or limited under this policy, the following are also excluded from coverage under this form:

- A. Under **COVERAGE A—BUILDING(S):** Property of any kind or description contained within the unfinished interior surfaces of the perimeter walls, floors and ceilings of condominium units, except (1) common building elements and (2) pipes, wires, conduits and other utilities contained within easements appurtenant to the common building elements and within such condominium units.
- B. Household and personal property owned by, used by or in the care, custody or control of the owner of a condominium unit, but this exclusion shall not apply to such property owned by the Named Insured and rented to the owner of a condominium unit.
- C. Stocks of merchandise including supplies incidental to the handling, delivery or shipment of such merchandise (and other personal property held for sale or sold but not removed) and store furniture, fixtures, machinery and equipment.
- D. Animals and pets; aircraft; watercraft, including motors, equipment and accessories (except rowboats and canoes, while out of water and on the described premises); and automobiles, trailers, semi-trailers or any self-propelled vehicles or machines, except motorized equipment not licensed for use on public thoroughfares and operated principally on the premises of the Named Insured.
- E. Outdoor swimming pools; fences; piers, wharves and docks; beach or diving platforms or appurtenances; retaining walls not constituting a part of building; walks, roadways and other paved surfaces; unless such items are specifically covered by endorsement.



- F. The cost of excavations, grading or filling; foundations of buildings, machinery, boilers or engines which foundations are below the under-surface of the lowest basement floor, or where there is no basement, below the surface of the ground; pilings, piers, pipes, flues and drains which are underground; pilings which are below the low water mark.
- G. Outdoor signs, whether or not attached to a building unless specifically covered by endorsement.
- H. Growing crops and lawns.
- I. Trees, shrubs and plants, except when held for sale or sold but not delivered, or to the extent provided in the Extensions of Coverage.
- J. Property which is more specifically covered in whole or in part under this or any other contract of insurance.

### III. PERILS INSURED AGAINST

This policy insures against all risks of direct physical loss subject to the provisions and stipulations herein and in the policy of which this form is made a part.

### IV. PROPERTY SUBJECT TO LIMITATIONS

The following property is subject to these additional limitations:

- A. Plumbing, heating, air conditioning or other equipment or appliances (except fire protective systems) are not covered against loss caused by or resulting from freezing while the described buildings are vacant or unoccupied, unless the Named Insured shall have exercised due diligence with respect to maintaining heat in the buildings or unless such equipment and appliances had been drained and the water supply shut off during such vacancy or unoccupancy.
- B. Steam boilers, steam pipes, steam turbines or steam engines are not covered against loss caused by any condition or occurrence within such boilers, pipes, turbines or engines (except direct loss resulting from the explosion of accumulated gases or unconsumed fuel within the firebox, or combustion chamber, of any fired vessel or within the flues or passages which conduct the gases of combustion therefrom).
- C. Hot water boilers or other equipment for heating water are not covered against loss caused by any condition or occurrence within such boilers or equipment other than an explosion.
- D. Glass is not covered against loss for more than \$50 per plate, pane, multiple plate, insulating unit, radiant heating panel, jalouse, louver or shutter, nor for more than \$250 in any one occurrence, unless caused by fire, lightning, windstorm, hail, aircraft, vehicles, discharge from fire protection or building service equipment, explosion, riot or civil commotion, and then the Company shall be liable only to the extent that such perils are insured against in this policy.
- E. Glassware, statuary, marbles, bric-a-brac, porcelains and other articles of a fragile or brittle nature are covered against loss by breakage only if directly caused by fire, lightning, aircraft, explosion, riot, civil commotion, smoke, vehicles, windstorm or hail to property contained in any building, vandalism and malicious mischief, leakage or accidental discharge from automatic fire protective systems. This limitation shall not apply to bottles or similar containers of property for sale, or sold but not delivered, nor to lenses of photographic or scientific instruments.
- F. Fences, pavements, outdoor swimming pools and related equipment, retaining walls, bulkheads, piers, wharves or docks, when covered under this policy, are not covered against loss caused by freezing or thawing, impact of watercraft, or by the pressure or weight of ice or water whether driven by wind or not.
- G. Metal smokestacks and, when outside of buildings, cloth awnings, radio or television antennas including their lead-in wiring, masts or towers, are not covered against loss caused by ice, snow or steel, nor by windstorm or hail unless liability therefor is specifically assumed by endorsement.
- H. The interior of buildings is not covered against loss caused by rain, snow, sand or dust, whether driven by wind or not, unless (1) the buildings shall first sustain an actual damage to roof or walls by the direct action of wind or hail, and then the Company shall be liable for loss to the interior of the buildings as may be caused by rain, snow, sand or dust entering the buildings through openings in the roof or walls made by direct action of wind or hail; or (2) such loss results from fire, lightning, aircraft, vehicles, explosion, riot or civil commotion, vandalism or malicious mischief, to the extent that such perils are insured against in this policy.
- I. Buildings or structures in process of construction, including materials and supplies therefor, when covered under this policy, are not covered against loss unless caused by fire, lightning, windstorm, hail, aircraft, vehicles, smoke, explosion, riot or civil commotion, vandalism or malicious mischief, and then the Company shall be liable only to the extent that such perils are insured against in this policy.
- J. Property undergoing alterations, repairs, installations or servicing, including materials and supplies therefor, is not covered against loss if directly attributable to the operations or work being performed thereon, unless loss by a peril not excluded in this policy ensues, and then the Company shall be liable for only such ensuing loss.

### V. EXTENSIONS OF COVERAGE

The liability of the Company for loss in any one occurrence, including loss under these Extensions of Coverage, shall not exceed the limit of liability specified for the coverages being extended.

The total amount recoverable under the Extensions of Coverage in this form and Extensions of Coverage in any other form made a part of this policy are not cumulative and shall not exceed the largest amount recoverable under any single form made a part of this policy.

When there is Contributing Insurance, the Company shall not be liable for more than its pro rata share of the limits set forth in the following Extensions of Coverage.

- A. **Newly Acquired Property:** The insured may apply up to 10%, but not exceeding \$25,000, of the limit of liability specified for Coverage A—Building(s) to cover direct loss in any one occurrence by a peril not otherwise excluded to the following described property:
  1. New additions, new buildings and new structures when constructed on the described premises and intended for similar occupancy. This coverage shall cease 30 days from the date construction begins or on the date the values of new construction are reported to the Company, or on the expiration date of the policy, whichever occurs first.
  2. Buildings acquired by the Named Insured at any location, elsewhere than at the described premises, within the territorial limits of this policy and used by him for similar occupancies or warehouse purposes. This coverage shall cease 30 days from the date of such acquisition or on the date values of the buildings are reported to the Company, or on the expiration date of the policy, whichever occurs first.
- Additional premium shall be due and payable for values so reported from the date construction begins or the location is acquired.
- B. **Off-Premises:** The insured may apply up to 2%, but not exceeding \$5,000, of the limits of liability specified for Coverage A—Building(s) at a described location to cover direct loss in any one occurrence by a peril not otherwise excluded to such building property while removed from such location for purposes of cleaning, repairing, reconstruction or restoration. This Extension of Coverage shall not apply to property in transit, nor to property on any premises owned, leased, operated or controlled by the Named Insured.
- C. **Trees, Shrubs and Plants:** The Named Insured may apply up to \$1,000 of the limit of liability specified for Coverage A—Building(s) to cover trees, shrubs and plants at the described location against direct loss in any one occurrence by the perils of fire, lightning, explosion, riot, civil commotion or aircraft, but only to the extent such perils are insured against herein. The Company shall not be liable for more than \$250 on any one tree, shrub or plant, including expense incurred for removing debris thereof.

- D. **Extra Expense:** The Named Insured may apply up to \$1,000 of the sum of the limits of liability specified for Coverage A—Building(s) and Coverage B—Personal Property to cover the necessary extra expense incurred by the Named Insured in order to continue as nearly as practicable the normal operation of the described condominium immediately following damage by a peril not otherwise excluded under this form to the buildings or personal property situated at the described locations.

"Extra expense" means the excess of the total cost incurred during the period of restoration chargeable to the operation of the condominium over and above the total cost that would normally have been incurred to operate the condominium during the same period had no loss occurred.

Any salvage value of property obtained for temporary use during the period of restoration, which remains after the resumption of normal operations, shall be taken into consideration in the adjustment of any loss hereunder.

"Period of restoration" means that period of time, commencing with the date of damage and not limited by the date of expiration of this policy, as would be required with the exercise of due diligence and dispatch to repair, rebuild or replace such part of said buildings or personal property as have been damaged.

The Company shall not be liable under this Extension of Coverage for:

1. loss of income.
2. the cost of repairing or replacing any of the described property, or the cost or research or other expense necessary to replace or restore damaged books of account, manuscripts, abstracts,

drawings, card index systems, film, tape, disc, drum, cell and other magnetic recording or storage media for electronic data processing, and other records that have been damaged by a peril not otherwise excluded, except cost in excess of the normal cost of such repair, replacement or restoration necessarily incurred for the purpose of reducing the total amount of extra expense. In no event shall such excess cost exceed the amount by which the total extra expense otherwise payable under this Extension of Coverage is reduced.

3. any other consequential or remote loss.

- E. **Replacement Cost Coverage:** In the event of loss to a building structure covered under this policy, when the full cost of repair or replacement is less than \$1,000, this policy is extended to cover the full cost of repair or replacement (without deduction for depreciation). Coverage shall be applicable only to a building structure covered hereunder, but excluding carpeting, cloth awnings, air conditioners, domestic appliances and outdoor equipment, all whether permanently attached to the building structure or not.

The Company shall not be liable under this Extension of Coverage.

1. unless and until the damaged property is actually repaired or replaced on the same premises with due diligence and dispatch, and, in no event, unless repair or replacement is completed within a reasonable time after such loss;
2. unless the whole amount of insurance applicable to the building structure for which claim is made is equal to or in excess of the amount produced by multiplying the coinsurance percentage applicable (specified in this policy) by the actual cash value of such property at the time of the loss.

## VI. EXCLUSIONS

This policy does not insure under this form against:

- A. Loss occasioned directly or indirectly by:

1. enforcement of any local or state ordinance or law regulating the construction, repair or demolition of buildings or structures unless such liability is otherwise specifically assumed by endorsement;
2. electrical currents artificially generated unless loss by fire or explosion not otherwise excluded as insured against hereunder ensues, and then the Company shall be liable for only such ensuing loss.

- B. Loss caused by or resulting from power, heating or cooling failure, unless such failure results from physical damage to power, heating or cooling equipment situated on premises where the property covered is located, caused by perils not otherwise excluded. Also, the Company shall not be liable under this clause for any loss resulting from riot, riot attending a strike, civil commotion, or vandalism and malicious mischief.

- C. Loss caused by, resulting from, contributed to or aggravated by any of the following:

1. earth movement, including but not limited to earthquake, landslide, mudflow, earth sinking, earth rising or shifting;
2. flood, surface water, waves, tidal water or tidal wave, overflow of streams or other bodies of water, or spray from any of the foregoing, all whether driven by wind or not;
3. water which backs up through sewers or drains;
4. water below the surface of the ground including that which exerts pressure on or flows, seeps or leaks through sidewalks, driveways, foundations, walls, basement or other floors, or through doors, windows or any other openings in such sidewalks, driveways, foundations, walls or floors;

unless loss by fire or explosion not otherwise excluded ensues, and then the Company shall be liable for only such ensuing loss

- D. Loss caused by:

1. wear and tear, marring or scratching, dampness or dryness of atmosphere and changes in temperature, deterioration, rust or corrosion, mould, wet or dry rot; inherent or latent defect; smog; smoke, vapor or gas from agricultural or industrial operations; mechanical breakdown, including rupture or bursting caused by centrifugal force; settling, cracking, shrinkage, bulging or expansion of pavements, foundations, walls, floors, roofs or ceilings; animals, birds, vermin, termites or other insects; unless loss by a peril not otherwise excluded ensues and then the Company shall be liable for only such ensuing loss

2. explosion of steam boilers, steam pipes, steam turbines or steam engines (except direct loss resulting from the explosion of accumulated gases or unconsumed fuel within the firebox, or combustion chamber, of any fired vessel or within the flues or passages which conduct the gases of combustion therefrom) if owned by, leased by or operated under the control of the Named Insured, or for any ensuing loss except by fire or explosion not otherwise excluded, and then the Company shall be liable for only such ensuing loss.

3. vandalism, malicious mischief, theft or attempted theft, if the described building had been vacant or unoccupied beyond a period of 30 consecutive days immediately preceding the loss, unless loss by a peril not excluded in this policy ensues, and then the Company shall be liable for only such ensuing loss.

4. leakage or overflow from plumbing, heating, air conditioning or other equipment or appliances (except fire protective systems) caused by or resulting from freezing while the described building is vacant or unoccupied, unless the insured shall have exercised due diligence with respect to maintaining heat in the buildings or unless such equipment and appliances had been drained and the water supply shut off during such vacancy or unoccupancy.

5. theft (including but not limited to burglary and robbery) of any property which at the time of loss is not an integral part of a building or structure (except direct loss by pillage and looting occurring during and at the immediate place of a riot or civil commotion), unless loss by a peril not excluded in this policy ensues from theft or attempted theft, and then the Company shall be liable for only such ensuing loss.

6. unexplained or mysterious disappearance of any property, or shortage as disclosed on taking inventory, or caused by any willful or dishonest act or omission of the Named Insured or any associate, employee or agent of any Named Insured.

- E. Any fraudulent, dishonest or criminal act done by or at the instigation of any Named Insured, partner or joint adventurer in or of any Named Insured, an officer, director or trustee of any Named Insured, pilferage, appropriation or concealment of any property covered due to any fraudulent, dishonest or criminal act of any employee while working or otherwise, or agent of any Named Insured or any person to whom the property covered may be entrusted

- F. Loss caused by continuous or repeated seepage or leakage of water or steam from within a plumbing, heating or air conditioning system or from within a domestic appliance which occurs over a period of weeks, months or years.

### VII. COINSURANCE CLAUSE

The Company shall not be liable for a greater proportion of any loss to the property covered hereunder than the limit of liability under this policy for such property bears to the amount produced by multiplying the coinsurance percentage applicable (specified in this policy) by the actual cash value of such property at the time of the loss.

In the event that the aggregate claim for any loss is both less than \$10,000 and less than 5% of the limit of liability for all contributing insurance applicable to the property involved at the time such loss occurs, no special inventory and appraisal of the undamaged property shall

be required, provided that nothing herein shall be construed to waive the application of the first paragraph of this clause.

If insurance under Section I of this policy is divided into separate limits of liability, the foregoing shall apply separately to the property covered under each such limit of liability.

The value of property covered under Extensions of Coverage, and the cost of the removal of debris, shall not be considered in the determination of actual cash value when applying the Coinsurance Clause.

### VIII. DEDUCTIBLE CLAUSE

The following deductible clause supersedes and replaces all other deductible clauses of \$100 or less in Section I of this policy with respect to Coverage A—Building(s) and Coverage B—Personal Property.

The sum of \$100 shall be deducted from the amount of loss to property in any one occurrence resulting from any of the perils insured against. This deductible shall apply separately to each building (including personal property therein), separately to personal property in each building if no coverage is provided on the containing building, and separately to personal property in the open.

### IX. VALUATION

Subject to the provisions and stipulations of this policy, the following bases for valuation of property are established:

- A. Books of account, manuscripts, abstracts, drawings, card index systems and other records (except film, tape, disc, drum, cell and other magnetic recording or storage media for electronic data processing) for not exceeding the cost of blank books, cards or other blank

material.

- B. Film, tape, disc, drum, cell and other magnetic recording or storage media for electronic data processing for not exceeding the cost of such media in unexposed or blank form.
- C. All other property at actual cash value.

### X. CONDITIONS

- A. **Permits and Use:** Except as otherwise provided herein, permission is hereby granted:

1. to make alterations and repairs;
2. for such unoccupancy as is usual or incidental to the described occupancy but vacancy is limited to the 60 day period permitted by the policy conditions;
3. in the event of loss hereunder, to make reasonable repairs, temporary or permanent, provided such repairs are confined solely to the protection of the property from further damage, and provided further that the Named Insured shall keep an accurate record of such repair expenditures. The cost of any such repairs directly attributable to damage by any peril insured hereunder shall be included in determining the amount of loss hereunder. Nothing herein contained is intended to modify the policy requirements applicable in case loss occurs.

- B. **Loss Clause:** Any loss hereunder shall not reduce the amount of this policy.

- C. **Mortgage Clause:** Applicable to buildings only (this entire clause is void unless name of mortgagee (or trustee) is inserted in the Declarations): Loss, if any, under this policy, shall be payable to the mortgagee (or trustee), named on the first page of this policy, as interest may appear under all present or future mortgages upon the property herein described in which the aforesaid may have an interest as mortgagee (or trustee) in order of precedence of said mortgages, and this insurance as to the interest of the mortgagee (or trustee) only therein, shall not be invalidated 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 in case the mortgagor or owner shall neglect to pay any premium due under this policy, the mortgagee (or trustee) shall, on demand, pay the same. Provided also, that the mortgagee (or trustee) shall notify the Company of any change of ownership or occupancy or increase of hazard which shall come to the knowledge of said mortgagee (or trustee) and, unless permitted by this policy, it shall be noted thereon and the mortgagee (or trustee) shall, on demand, pay the premium for such increased hazard for the term of the use thereof, otherwise this

policy shall be null and void. The Company reserves the right to cancel this policy at any time as provided by its terms, but in such case this policy shall continue in force for the benefit only of the mortgagee (or trustee) for ten days after notice to the mortgagee (or trustee) of such cancellation and shall then cease, and the Company shall have the right, on like notice, to cancel this agreement.

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

Subject in all other respects to the provisions of this Mortgage Clause any loss to building(s) covered under this policy, which normally would be payable to the mortgagee(s) named in this policy, shall be paid to the Insurance Trustee.

In the event this policy is cancelled at any time by either the Company or the Named Insured as provided by its terms, this insurance shall continue in force for the benefit of only the named mortgagee(s), for 10 days after giving written notice to such mortgagee(s) of such cancellation and shall then cease.

- D. **No Control Provision:** The "No Control" policy provision is superseded and replaced by the following:

No Control: The insurance shall not be prejudiced (a) by any act or neglect of any occupants or owners of the building(s) when such act or neglect is not within the control of the Named Insured (or unit-owners collectively), or (b) by failure of the Named Insured (or unit-owners collectively) to comply with any warranty or condition with regard to any portion of the premises over which the Named Insured (or unit-owners collectively) have no control.

- E. **Other Insurance:** If at the time of loss there is other insurance in the name of a unit-owner covering the same property covered by this policy, the insurance afforded by this policy shall be primary and not contributing with such other insurance.

## APPENDIX 3



**SMP CONDOMINIUM ENDORSEMENT**  
**(Additional Property Coverage)**

**MLB-29B**  
**(Ed. 1-74)**

Subject to all the provisions and stipulations applicable, this policy is amended as follows:

**PROPERTY INSURED**

**COVERAGE A—BUILDING(S)**, when designated by an "X" in the box(es) () of this endorsement, shall also cover:

- 1. Fixtures, installations or additions comprising a part of the building within the unfinished interior surfaces of the perimeter walls, floors and ceilings of individual condominium units initially installed, or replacements thereof, in accordance with the original condominium plans and specifications.
- 2. Fixtures, installations or additions comprising a part of the building within the unfinished interior surfaces of the perimeter walls, floors and ceilings of the individual condominium units initially installed or replacements thereof, in accordance with the original condominium plans and specifications, or installed by or at the expense of the unit-owners.
- 3. If Other, Describe:

This Endorsement must be attached to Change Endorsement MLB-20 when issued after the Policy is written.

**MLB-29B** (Ed. 1-74)

APPENDIX 4



SMP CONDOMINIUM AGREED AMOUNT ENDORSEMENT

MLB-29C (Ed. 1-74)

Subject to all provisions and stipulations otherwise applicable to Section I, Forms MLB-29 and MLB-29A are amended as follows:

Agreed Amount

- A. With respect only to the property specified in the Schedule of this endorsement, it is made a condition of this insurance that the application of the Coinsurance Clause in Forms MLB-29 and MLB-29A is suspended in the determination of loss caused by the perils insured against occurring after the date of this endorsement and prior to \_\_\_\_\_ but in no event beyond the expiration date of this policy, and in lieu thereof the following clause is made a part of the form during such period of suspension:  
Exp. Date of Expir.  
 "The Company shall not be liable for a greater proportion of any loss than the amount applying under this policy to the property involved bears to the amount for that property as shown in the Schedule;"
- B. If the expiration date set forth in paragraph A is not extended by endorsement, the Coinsurance Clause in the form attached to this policy is automatically reinstated.
- C. In no event shall this endorsement apply to coverage on extra expense, rents or earnings.

SCHEDULE

LOC. NO.	BLDG. NO.	INSERT EITHER BLDG.(S), PERS. PPTY. OR BLANKET BLDG. AND PERS. PPTY.	DESCRIPTION AND LOCATION	AMOUNT APPLICABLE IN PAR. A ABOVE

This Endorsement must be attached to Change Endorsement MLB-20 when issued after the Policy is written.

APPENDIX 5



MLB-29D  
(Ed. 1/74)

SMP CONDOMINIUM—STATEMENT OF VALUES

Page No. . . . .

Named Insured and P. O Address \_\_\_\_\_  
(No. Street, Town, City, County, State and Zip No)

\_\_\_\_\_  
Name of Company Date

Item No.	DESCRIPTION AND LOCATION OF PROPERTY Specify A-Building B-Personal Property	VALUES	
		Actual Cash Value	Replacement Cost When Applicable

INSTRUCTIONS

1. The values shown must be actual cash values (100%) or Replacement Cost Values (100%) and should reflect the basis of coverage for each item and for either Coverage A-Buildings, Coverage B-Personal Property or both
2. The values shall be submitted to the insurance company and subject to its acceptance.
3. Nothing contained in these instructions shall be construed as changing in any manner the conditions of the policy

Item No.	DESCRIPTION AND LOCATION OF PROPERTY		VALUES		
	Specify	A-Building	B-Personal Property	Actual Cash Value	Replacement Cost When Applicable

**TO WHOM IT MAY CONCERN:—**

Values for this "Statement of Values" consisting of ..... pages attached hereto were prepared for

\_\_\_\_\_ Name of Insured

\_\_\_\_\_ Name of person (with title) or corporation preparing "Values"

\_\_\_\_\_ Street Address City State

and are hereby filed with the designated insurance company as shown on Page 1 of this Statement of Values Form. All values submitted are correct to the best of my knowledge and belief.

Dated ..... 19.....

Signed ..... Insured

Title (or authority to sign)

APPENDIX 6



HOMEOWNERS POLICY—CONDOMINIUM UNIT-OWNERS FORM SECTION 1

HO-6 (Ed. 1-74)

DESCRIPTION OF PROPERTY AND INTERESTS COVERED

-F-

COVERAGE C—UNSCHEDULED PERSONAL PROPERTY

This policy covers unscheduled personal property usual or incidental to the occupancy of the premises as a dwelling and owned or used by an Insured, while on the described premises and, at the option of the Named Insured, owned by others while on the portion of the premises occupied exclusively by the Insured.

This coverage also includes such unscheduled personal property while elsewhere than on the described premises, anywhere in the world:

- 1. owned or used by an Insured; or
2. at the option of the Named Insured, a. owned by a guest while in a residence occupied by an Insured; or b. owned by a residence employee while actually engaged in the service of an Insured and while such property is in the physical custody of such residence employee or in a residence occupied by an Insured;
3. but the limit of this Company's liability for the unscheduled personal property away from the premises shall be an additional amount of insurance equal to 10% of the amount specified for Coverage C, but in no event less than \$1,000.

This coverage excludes:

- 1. animals, birds or fish;
2. motorized vehicles, except such vehicles pertaining to the service of the premises and not licensed for road use;
3. aircraft;
4. property of roomers and boarders not related to the Insured;
5. property carried or held as samples or for sale or for delivery after sale;
6. property rented or held for rental to others by the Insured, except

property contained in that portion of the described premises customarily occupied exclusively by the Insured and occasionally rented to others or property of the Insured in that portion of the described dwelling occupied by roomers or boarders;

- 7. business property while away from the described premises;
8. any device or instrument for the recording, reproduction or recording and reproduction of sound which may be operated by power from the electrical system of a motor vehicle, or any tape, wire, record disc or other medium for use with any such device or instrument while any of said property is in or upon a motor vehicle; or
9. property which is separately described and specifically insured in whole or in part by this or any other insurance.

COVERAGE D—ADDITIONAL LIVING EXPENSE

If loss or damage by a peril insured against under this policy to property covered hereunder or to the building containing such property renders the premises untenantable, this policy covers the necessary increase in living expense incurred by the Named Insured to continue as nearly as practicable the normal standard of living of the Named Insured's household for not exceeding the period of time required:

- 1. to repair or replace such damaged or destroyed property as soon as possible; or
2. for the Named Insured's household to become settled in permanent quarters; whichever is less.

This coverage also includes the period of time, not exceeding two weeks, while access to the premises is prohibited by order of civil authority, as a direct result of damage to neighboring premises by a peril insured against.

The period described above shall not be limited by the expiration of this policy.

This coverage excludes expense due to cancellation of any lease, or any written or oral agreement.

SUPPLEMENTARY COVERAGES

1. Unit-Owners Additions and Alterations: This policy covers, for an amount not exceeding \$1,000, unit-owners additions and alterations, meaning: fixtures, installations or additions comprising the part of the building within the unfinished interior surfaces of the perimeter walls, floors and ceilings of individual condominium units as initially installed or replacements thereof in accordance with the original condominium plans and specifications or installed by or at the expense of the unit owner.

In the event such unit-owners additions and alterations are damaged or destroyed during the term of this policy by the peril(s) insured against, the liability of this Company shall be as follows:

- (a) If repaired or replaced within a reasonable time after such loss, actual expenses incurred (if any) by the Named Insured, which exceed any recovery for the benefit of the Named Insured for loss or damage to such additions and alterations from any insurance covering the interests of the Unit-Owners collectively of the condominium; or
(b) If not repaired or replaced within a reasonable time after such loss, the actual cash value of the damaged or destroyed additions and alterations, less any recovery for the benefit of the Named Insured for loss or damage to such additions and alterations from any insurance covering the interests of the Unit-Owners collectively of the condominium.

The following supplementary coverages shall not increase the applicable limit of liability under this policy:

2. Automatic Removal: If, during the term of this policy, the Named Insured removes unscheduled personal property covered under Coverage C from the premises to another location within the Continental United

States or the State of Hawaii, to be occupied as his principal residence, the limit of liability for Coverage C shall apply at each location in the proportion that the value at each location bears to the total value of all such property covered under Coverage C.

Property in transit shall be subject to the limit of liability for unscheduled personal property away from the premises.

This coverage shall apply only for a period of 30 days from the date removal commences and shall then cease.

3. Debris Removal: This policy covers expenses incurred in the removal of all debris of the property covered hereunder, occasioned by loss thereto for which coverage is afforded.

4. Fire Department Service Charge: This policy covers for an amount not exceeding \$250 the Named Insured's liability, assumed by contract or agreement for fire department charges where fire department is called because of a fire in, on or exposing property insured hereunder, while located on the premises described. This coverage does not cover Named Insured's liability, by contract or otherwise, to indemnify either a city, municipality or fire protection district, or any other person, firm or corporation against loss, claim or liability arising by reasons of the movement or functioning of fire apparatus or members of a fire department; or by reason of any accident arising out of the performance of services by any fire department. Coverage afforded under this clause applies only if the property is not located within the limits of the city, municipality or fire protection district furnishing such fire department response.

DEDUCTIBLE

Loss Deductible Clause: With respect to loss covered under this policy, this Company shall be liable only when such loss in each occurrence exceeds \$100 and then only for the amount of such excess.

This loss deductible clause shall not apply to Coverage D—Additional Living Expense or Fire Department Service Charge.

PERILS INSURED AGAINST

This policy insures against direct loss to the property covered by the following perils as defined and limited herein:

- 1. Fire or Lightning.

2. Removal, meaning direct loss by removal of the property covered hereunder from premises endangered by the perils insured against. The applicable limit of liability, had the property not been removed, applies



pro rata for 30 days at each proper place to which any of the property shall necessarily be removed for preservation from or for repair of damages caused by the perils insured against.

**3. Windstorm or Hail, excluding loss:**

- a. caused directly or indirectly by frost or cold weather or ice (other than hail), snow or sleet, all whether driven by wind or not;
- b. caused by rain, snow, sand or dust, all whether driven by wind or not, unless the building containing the property covered shall first sustain an actual damage to roof or walls by the direct force of wind or hail and then this Company shall be liable for loss to the property covered therein caused by rain, snow, sand or dust entering the building through openings in the roof or walls made by direct action of wind or hail; or
- c. to watercraft (except rowboats and canoes on premises) including their trailers, furnishings, equipment and outboard motors while such property is not inside fully enclosed buildings.
- d. to the following property unless liability therefor is assumed by endorsement hereon: (1) awnings, including their supports; (2) fences; (3) seawall, property line and similar walls; (4) greenhouses, hothouses, stables, trellises, pergolas, cabanas and outdoor equipment pertaining to the service of the premises; (5) wharves, docks, piers, boat-houses, bulkheads or other structures located over or partially over water and the property therein or thereon; and (6) loss to screening and supports enclosing or partially enclosing pools, patios or other areas, whether a separate structure or attached to a building; but this exclusion shall not be construed to exclude loss to screening and supports of porches which are a part of dwellings.

**4. Explosion.**

**5. Riot or Civil Commotion, including direct loss from pillage and looting occurring during and at the immediate place of a riot or civil commotion.**

**6. Aircraft, including self-propelled missiles and spacecraft.**

**7. Vehicles.**

**8. Sudden and accidental damage from smoke, other than smoke from agricultural smudging or industrial operations.**

**9. Vandalism or Malicious Mischief, meaning only the willful and malicious damage to or destruction of the property covered.**

**10. Theft, meaning any act of stealing or attempt thereat, including loss of property from a known place under circumstances when a probability of theft exists.**

Unscheduled personal property contained in any bank, trust or safe deposit company, public warehouse or occupied dwelling not owned or occupied by or rented to an Insured in which the property covered has been placed for safekeeping shall be considered as being on the described premises.

Upon knowledge of loss under this peril or of an occurrence which may give rise to a claim for such loss, the Insured shall give immediate notice to this Company or its authorized agents and also to the police.

**a. General Theft Exclusions:**

This policy does not apply to loss:

- (1) if committed by an Insured;
- (2) in or to a dwelling under construction or of materials or supplies therefor until completed and occupied;
- (3) arising out of or resulting from the theft of any credit card or loss by forgery or alterations of any check, draft, promissory note, bill of exchange, or similar written promise, order or direction to pay a sum certain in money; or
- (4) of a precious or semi-precious stone from its setting.

**b. Theft Exclusions applicable while the described dwelling is rented to others:**

This policy does not apply to loss from the described dwelling while the portion of the described dwelling customarily occupied exclusively by an Insured is rented to others:

- (1) of money, bullion, numismatic property or bank notes;
- (2) of securities, accounts, bills, deeds, evidences of debt, letters of credit, notes other than bank notes, passports, railroad and other tickets or stamps, including philatelic property;
- (3) of jewelry, watches, necklaces, bracelets, gems, precious and semi-precious stones; articles of gold and platinum; or any article of fur or article containing fur which represents its principal value; or
- (4) caused by a tenant, his employees or members of his household while renting the portion of the described dwelling customarily occupied exclusively by an Insured.

**c. Theft Exclusions applicable to property away from the described premises:**

This policy does not apply to loss away from the described premises of:

- (1) property while in any dwelling or premises thereof, owned, rented or occupied by an Insured, except while an Insured is temporarily residing therein;
- (2) property while unattended in or on any motor vehicle or trailer, other than a public conveyance, unless the loss is the result of forcible entry into such vehicle while all doors, windows or other openings thereof are closed and locked, provided there are visible marks of forcible entry upon the exterior of such vehicle or the loss is the result of the theft of such vehicle which is not recovered within 30 days, but property shall not be considered unattended when the Insured is required to surrender the keys of such vehicle to a bailee;
- (3) property while unattended in or on private watercraft unless the loss is the direct result of forcible entry into a securely locked compartment and provided there are visible marks of forcible entry upon the exterior of such compartment;
- (4) watercraft, their furnishings, equipment and outboard motors; or
- (5) trailers, whether licensed or not.

**11. Falling objects, but excluding loss to property within a building, unless the building containing the property covered shall first sustain an actual damage to the exterior of the roof or walls by the falling object.**

**12. Weight of ice, snow or sleet, but only with respect to property contained in a building and then only if the weight of ice, snow or sleet results in physical damage to such building.**

**13. Collapse of buildings or any part thereof, but collapse does not include settling, cracking, shrinkage, bulging or expansion.**

**14. Sudden and accidental tearing asunder, cracking, burning or bulging of a steam or hot water heating system or of appliances for heating water, but not including loss caused by or resulting from freezing.**

**15. Accidental discharge, leakage or overflow of water or steam from within a plumbing, heating or air conditioning system or from within a domestic appliance but excluding loss to the appliance from which the water or steam escapes. This peril does not include loss caused by or resulting from freezing.**

**16. Freezing of plumbing, heating and air conditioning systems and domestic appliances, but excluding loss caused by or resulting from freezing while that portion of the building normally occupied by the Insured is vacant or unoccupied, unless the Insured shall have exercised due diligence with respect to maintaining heat in the building or unless the plumbing and heating systems and domestic appliances had been drained and the water supply shut off during such vacancy or unoccupancy.**

**17. Sudden and accidental injury from electrical currents artificially generated to electrical appliances, devices, fixtures and wiring, except tubes, transistors and similar electronic components.**

**ADDITIONAL EXCLUSIONS**

This policy does not insure against loss:

**1. occasioned directly or indirectly by enforcement of any local or state ordinance or law regulating the construction, repair, or demolition of building(s) or structure(s) unless such liability is otherwise specifically assumed by endorsement hereon;**

**2. caused by, resulting from, contributed to or aggravated by any earth movement, including but not limited to earthquake, volcanic eruption, landslide, mudflow, earth sinking, rising or shifting; unless loss by fire or explosion ensues, and this Company shall then be liable only for such ensuing loss, but this exclusion does not apply to loss by theft;**

3. caused by, resulting from, contributed to or aggravated by any of the following:

- a. flood, surface water, waves, tidal water or tidal wave, overflow of streams or other bodies of water, or spray from any of the foregoing, all whether driven by wind or not;
- b. water which backs up through sewers or drains; or
- c. water below the surface of the ground including that which exerts pressure on or flows, seeps or leaks through sidewalks, driveways,

foundations, walls, basement or other floors or through doors, windows or any other openings in such sidewalks, driveways, foundations, walls or floors;

unless loss by fire or explosion ensues, and this Company shall then be liable only for such ensuing loss, but these exclusions do not apply to loss by theft;

4. caused by or resulting from power, heating or cooling failure, unless such failure results from physical damage to power, heating or cooling equipment situated on the premises, caused by a peril insured against.

**ADDITIONAL CONDITIONS**

**1. Special Limits of Liability on Certain Property:**

a. This Company shall be liable for loss to trees, shrubs, plants and lawns (except those grown for business purposes) only when the loss is caused by fire, lightning, explosion, riot, civil commotion, vandalism, malicious mischief, theft, aircraft, or vehicles not owned or operated by an occupant of the premises. This Company's liability for loss in any one occurrence under this provision shall not exceed in the aggregate for all such property 10% of the limit of liability of Coverage C nor more than \$250 on any one tree, shrub or plant, including expense incurred for removing debris thereof.

b. Under Coverage C, this Company shall not be liable for loss in any one occurrence with respect to the following property for more than:

- (1) \$100 in the aggregate on money, bullion, numismatic property and bank notes;
- (2) \$500 in the aggregate on securities, accounts, bills, deeds, evidences of debt, letters of credit, notes other than bank notes, passports, railroad and other tickets or stamps, including philatelic property;
- (3) \$1,000 on manuscripts;
- (4) \$500 in the aggregate for loss by theft of jewelry, watches, necklaces, bracelets, gems, precious and semi-precious stones, gold,

platinum and furs including articles containing fur which represents its principal value;

(5) \$500 in the aggregate on watercraft, including their trailers (whether licensed or not), furnishings, equipment and outboard motors; or

(6) \$500 on trailers, not otherwise provided for, whether licensed or not.

**2. Loss Clause:**

Loss hereunder shall not reduce the applicable limit of liability under this policy.

3. Other Insurance: If at the time of loss there is other insurance in the name of the condominium association covering the same property covered by this policy, the insurance afforded by this policy shall be excess over the amount recoverable under such other insurance.

4. Occupancy Clause: It is a condition of this policy that if the described dwelling is associated with and in proximity to farming operations (1) the agricultural products produced on the land are incidental to the occupancy of the dwelling and are principally for home consumption, or (2) that the occupants of the dwelling and buildings appurtenant thereto are not engaged in the operation of the farm and said buildings are in addition to a complete set of farm buildings on the farm and are not exposed within 200 feet by any farm building.

**SECTION II  
COVERAGES**

**COVERAGE E—PERSONAL LIABILITY**

This Company agrees to pay on behalf of the Insured all sums which the Insured shall become legally obligated to pay as damages because of bodily injury or property damage, to which this insurance applies, caused by an occurrence. This Company shall have the right and duty, at its own expense, to defend any suit against the Insured seeking damages on account of such bodily injury or property damage, even if any of the allegations of the suit are groundless, false or fraudulent, but may make such investigation and settlement of any claim or suit as it deems expedient. This Company shall not be obligated to pay any claim or judgment or to defend any suit after the applicable limit of this Company's liability has been exhausted by payment of judgments or settlements.

**COVERAGE F—MEDICAL PAYMENTS TO OTHERS**

This Company agrees to pay all reasonable medical expenses, incurred

within one year from the date of the accident, to or for each person who sustains bodily injury to which this insurance applies caused by an accident, while such person is:

- 1. on an insured premises with the permission of any Insured, or
- 2. elsewhere, if such bodily injury
  - a. arises out of a condition in the insured premises or the ways immediately adjoining,
  - b. is caused by the activities of any Insured, or by a residence employee in the course of his employment by any Insured,
  - c. is caused by an animal owned by or in the care of any Insured, or
  - d. is sustained by any residence employee and arises out of and in the course of his employment by any Insured.

**EXCLUSIONS**

This policy does not apply:

**1. Under Coverage E—Personal Liability and Coverage F—Medical Payments to Others:**

- a. to bodily injury or property damage arising out of the ownership, maintenance, operation, use, loading or unloading of:
  - (1) any aircraft; or
  - (2) any motor vehicle owned or operated by, or rented or loaned to any Insured; but this subdivision (2) does not apply to bodily injury or property damage occurring on the residence premises if the motor vehicle is not subject to motor vehicle registration because it is used exclusively on the residence premises or kept in dead storage on the residence premises; or
  - (3) any recreational motor vehicle owned by any Insured, if the bodily injury or property damage occurs away from the residence premises; but this subdivision (3) does not apply to golf carts while used for golfing purposes.

This exclusion does not apply to bodily injury to any residence employee arising out of and in the course of his employment by any Insured except while such employee is engaged in the operation or maintenance of aircraft;

b. to bodily injury or property damage arising out of the ownership, maintenance, operation, use, loading or unloading of any watercraft:

- (1) owned by or rented to any Insured if the watercraft has inboard or inboard-outboard motor power of more than 50 horsepower or is a sailing vessel (with or without auxiliary power) 26 feet or more in overall length; or
- (2) powered by any outboard motor(s), singly or in combination of more than 25 total horsepower, if such outboard motor(s) is owned by any Insured at the inception of this policy and not endorsed hereon, unless the Insured reports in writing to this Company within 45 days after acquisition his intention to insure the outboard motor or combination of outboard motors, ownership of which was acquired prior to the policy term.

This exclusion does not apply to (a) bodily injury or property damage occurring on the residence premises or (b) bodily injury to any residence employee arising out of and in the course of his employment by any Insured;

c. to bodily injury or property damage arising out of the rendering of or failing to render professional services;

d. to bodily injury or property damage arising out of business pursuits of any Insured except activities therein which are ordinarily incident to non-business pursuits;

e. to bodily injury or property damage arising out of any premises, other than an insured premises, owned, rented or controlled by any Insured; but this exclusion does not apply to bodily injury to any residence employee arising out of and in the course of his employment by any Insured;

f. to bodily injury or property damage which is either expected or intended from the standpoint of the Insured.

#### 2. Under Coverage E—Personal Liability

a. to liability assumed by the Insured under any contract or agreement not in writing or under any contract or agreement in connection with the Insured's business;

b. to bodily injury to any person, including a residence employee, if the Insured has a policy providing workmen's compensation or occupational disease benefits for such bodily injury or if benefits for such bodily injury are in whole or in part either payable or required to be

provided by the Insured under any workmen's compensation or occupational disease law;

c. to property damage to property owned by the Insured;

d. to property damage to property occupied by the Insured or rented to or in the care, custody or control of the Insured or as to which the Insured is for any purpose exercising physical control;

e. to sickness, disease or death resulting therefrom of any residence employee unless written claim is made or suit is brought (therefor against the Insured within 36 months after the end of the policy term.

#### 3. Under Coverage F—Medical Payments to Others

a. to bodily injury to any person, including a residence employee, if any person or organization has a policy providing workmen's compensation or occupational disease benefits for such bodily injury or if benefits for such bodily injury are in whole or in part either payable or required to be provided under any workmen's compensation or occupational disease law;

b. to bodily injury to:

(1) any Insured under parts (1) and (2) of the definition of "Insured";

(2) any person, other than a residence employee, regularly residing on any part of the insured premises, or

(3) any person while on the insured premises because a business is conducted or professional services are rendered thereon.

#### SUPPLEMENTARY COVERAGES

1. **Damage to Property of Others:** This Company will, at its option, either pay for the actual cash value of property damaged or destroyed during the policy period by any Insured, or repair or replace such property with other property of like quality and kind, but in no event shall this Company's limit of liability exceed \$250 in any one occurrence.

This coverage does not apply to damage to or destruction of property:

a. caused intentionally by any Insured who has attained the age of 13;

b. owned by or rented to any Insured, any tenant of any Insured or any resident of named Insured's household;

c. arising out of (1) any act or omission in connection with premises (other than the insured premises) owned, rented or controlled by any Insured, (2) business pursuits or professional services or (3) the ownership, maintenance, operation, use, loading or unloading of any land motor vehicle, trailer or semi-trailer, farm machinery or equipment, aircraft or watercraft;

d. if insurance therefor is provided under Section I of this policy.

#### 2. Personal Liability Claim Expenses: This Company will pay:

a. all expenses incurred by this Company and all costs taxed against the Insured in any suit defended by this Company;

b. all premiums on appeal bonds required in any such suit, premiums on bonds to release attachments in any such suit for an amount not in excess of the applicable limit of liability of this policy, and the cost of bail bonds required of the Insured because of accident or traffic law violation arising out of the use of any vehicle to which this policy applies, not to exceed \$250 per bail bond, but this Company shall have no obligation to apply for or furnish any such bonds;

c. all interest on the entire amount of any judgment which accrues

after entry of the judgment and before this Company has paid or tendered or deposited in court that part of the judgment which does not exceed the limit of this Company's liability thereon;

d. reasonable expenses incurred by the Insured at this Company's request, including actual loss of earnings (but not loss of other income) not to exceed \$25 per day because of his attendance at hearings or trials at such request.

Any expenses incurred by this Company under this provision shall not reduce the applicable limit of liability.

3. **First Aid Expenses:** In addition to this Company's limit of liability, this Company will pay expenses incurred by the Insured for first aid to others at the time of an accident, for bodily injury to which this insurance applies.

4. **Property in Control of the Insured:** Such insurance as is afforded under Coverage E—Personal Liability, applies to property damage to any insured premises and to house furnishings therein if such property damage arises out of fire, explosion, or smoke or smudge caused by sudden, unusual and faulty operation of any heating or cooking unit. Exclusion 2.d. does not apply to this Supplementary Coverage.

5. **Construction of New Residence:** Such insurance as is afforded under Coverage E—Personal Liability, applies to bodily injury and property damage arising out of any vacant land owned by or rented to any Insured on which a one or two family dwelling is being constructed for use by any Insured as a residence. Such insurance as is afforded under Coverage F—Medical Payments to Others, applies to bodily injury sustained by any person while on such vacant land with the permission of any Insured. This coverage does not apply to bodily injury to any employee, other than a residence employee, of any Insured arising out of and in the course of his employment by any Insured. Exclusion 1.e. does not apply to this Supplementary Coverage.

#### ADDITIONAL DEFINITIONS

The following definitions apply only to coverage afforded under Section II of this policy.

1. "bodily injury": means bodily injury, sickness or disease, including care, loss of services and death resulting therefrom.

2. "medical expenses": means expenses for necessary medical, surgical, x-ray, dental services, including prosthetic devices, ambulance, hospital, professional nursing and funeral services.

3. "motor vehicle": means a land motor vehicle, trailer or semi-trailer designed for travel on public roads (including any machinery or apparatus attached thereto) but does not include, except while being towed by or carried on a motor vehicle, any of the following: utility, boat, camp or home trailer, recreational motor vehicle, crawler or farm type tractor, farm implement or, if not subject to motor vehicle registration, any equipment which is designed for use principally off public roads.

4. "property damage": means injury to or destruction of tangible prop-

erty, including loss of use thereof.

5. "occurrence": means an accident, including injurious exposure to conditions, which results, during the policy term, in bodily injury or property damage.

6. "recreational motor vehicle": means (1) a golf cart or snowmobile or (2) if not subject to motor vehicle registration, any other land motor vehicle designed for recreational use off public roads.

7. "residence employee": means an employee of any Insured whose duties are in connection with the maintenance or use of the insured premises, including the performance of household or domestic services, or who performs elsewhere duties of a similar nature not in connection with any Insured's business.

## APPENDIX 7



HO-CO-F  
(Ed. 1-74)

**CONDOMINIUM UNIT-OWNERS  
MULTI-PURPOSE ENDORSEMENT**

ENTER ON DECLARATIONS PAGE APPROPRIATE ENDORSEMENT NUMBER FOR WHICH A PREMIUM IS SHOWN

This endorsement applies only to the coverages below for which a premium has been entered and for not more than the Limit of Liability shown.  
End. No.

**HO-31 UNIT-OWNERS ADDITIONS AND ALTERATIONS—INCREASED LIMITS (SECTION I)**

Premium \$                      Limit of Liability \$  
(See below for provisions applying to this coverage)

**HO-32 UNIT-OWNERS ADDITIONS AND ALTERATIONS—SPECIAL COVERAGE (SECTION I)**

Premium \$  
(See below for provisions applying to this coverage)

**HO-33 UNIT-OWNERS RENTAL TO OTHERS (SECTIONS I AND II)**

Premium \$  
(See below for provisions applying to this coverage)

**HO-34 UNIT-OWNERS APPURTENANT STRUCTURES (SECTION I)**

Premium \$                      Limit of Liability \$  
Description of item(s) covered:  
(See below for provisions applying to this coverage)

**HO-35 LOSS ASSESSMENT COVERAGE (SECTIONS I AND II)**

Premium \$                      Limit of Liability \$  
(See below for provisions applying to this coverage)

**HO-36 COVERAGE D—ADDITIONAL LIVING EXPENSE—INCREASED LIMITS (SECTION I)**

Premium \$                      Limit of Liability \$  
(See below for provisions applying to this coverage)

**POLICY PROVISIONS**—Unless otherwise stated in the provisions for the coverages below, all the provisions of this policy remain unchanged.

**1. UNIT-OWNERS ADDITIONS AND ALTERATIONS—INCREASED LIMITS (SECTION I)**

This Company's limit of liability for Unit-Owners Additions and Alterations covered under this policy is increased to the amount stated above.

**2. UNIT-OWNERS ADDITIONS AND ALTERATIONS—SPECIAL COVERAGE (SECTION I)**

(This coverage applies only if an additional premium has been included above.)

The Unit-Owners Additions and Alterations covered under this policy are insured against all risks of physical loss except loss:

(a) caused by, resulting from, contributed to or aggravated by any of the following:

- (1) flood, surface water, waves, tidal water or tidal waves, overflow of streams or other bodies of water, or spray from any of the foregoing, all whether driven by wind or not;
- (2) water which backs up through sewers or drains; or
- (3) water below the surface of the ground including that which exerts pressure on or flows, seeps or leaks through sidewalks, driveways, foundations, walls, basement or other floors or through doors, windows or any other openings in such sidewalks, driveways, foundations, walls, or floors;

unless loss by fire or explosion ensues, and this Company shall then be liable only for such ensuing loss, but these exclusions do not apply to loss by theft;

(b) caused by, resulting from, contributed to or aggravated by any earth movement, including but not limited to earthquake, volcanic eruption, landslide, mudflow, earth sinking, rising or shifting; unless loss by fire, explosion or breakage of glass constituting a part of the building(s) covered hereunder, including glass in storm doors and storm windows, ensues, and this Company shall then be liable only for such ensuing loss, but this exclusion does not apply to loss by theft;

(c) to plumbing, heating or air conditioning systems or domestic appliances, or by discharge, leakage or overflow from such systems or appliances, caused by or resulting from freezing while the building covered is vacant or unoccupied unless the Insured shall have exercised due diligence with respect to maintaining heat in the building or unless such systems and appliances had been drained and the water supply shut off during such vacancy or unoccupancy;

(d) occasioned directly or indirectly by enforcement of any local or state ordinance or law regulating the construction, repair, or demolition of building(s) or structure(s) unless such liability is otherwise specifically assumed by endorsement hereon;

(e) caused by or resulting from power, heating or cooling failure, unless such failure results from physical damage to power, heating or cooling equipment situated on the premises, caused by a peril not otherwise excluded;

(f) by windstorm or hail to the following property, unless liability therefor is assumed by endorsement hereon: (1) awnings, including their supports; (2) fences; (3) seawall, property line and similar walls; (4) greenhouses, hothouses, slathouses, trellises, pergolas, cabanas and outdoor equipment pertaining to the service of the premises; (5) wharves, docks, piers, boathouses, bulkheads or other structures located over or partially over water and the property therein or thereon; and (6) loss to screening and supports enclosing or partially enclosing pools, patios or other areas, whether a separate structure or attached to a building; but this exclusion shall not be construed to exclude loss to screening and supports of porches which are a part of dwellings;

(g) by wear and tear, marring or scratching; deterioration; inherent vice; latent defect; mechanical breakdown; rust; mold; wet or dry rot; contamination; smog; smoke from agricultural smudging or industrial operations; settling, cracking, shrinkage, bulging or expansion of pavements, patios, foundations, walls, floors, roofs or ceilings; birds, vermin, rodents, insects or domestic animals; unless loss by fire, smoke (other than smoke from agricultural smudging or industrial operations), explosion, collapse of a building, glass breakage or water not otherwise excluded ensues, then this policy shall cover only such ensuing loss. If loss by water not otherwise excluded ensues, this policy shall also cover the cost of tearing out and replacing of any part of the building covered required to effect repairs to the plumbing, heating or air conditioning system or domestic appliance but excluding loss to the system or appliance from which the water escapes;

(h) by theft in or to a building under construction or of materials or supplies therefor until completed and occupied;

(i) by vandalism and malicious mischief or glass breakage, if the property covered hereunder had been vacant beyond a period of 30 consecutive days immediately preceding the loss;

(j) loss caused by continuous or repeated seepage or leakage of water or steam from within a plumbing, heating or air conditioning system or from within a domestic appliance which occurs over a period of weeks, months or years.

### 3. UNIT-OWNERS—RENTAL TO OTHERS (SECTIONS I AND II)

(This coverage applies only if an additional premium has been shown on the overside of this form.)

(Section I)

A. Under Coverage C—UNSCCHEDULED PERSONAL PROPERTY, subparagraph 6 of "This coverage excludes:" is amended to read as follows:

"6. property rented or held for rental to others by the Insured, except property contained in that portion of the described premises customarily occupied exclusively by the Insured and rented to others or property of the Insured in that portion of the described dwelling occupied by roomers or boarders;"

B. Under Coverage D—ADDITIONAL LIVING EXPENSE, the paragraph which begins "This coverage also includes . . ." is amended as follows:

"This coverage also includes:

1. the actual loss of rent when the described premises are rented to others. The actual loss of rent shall not include charges and expenses that do not continue during the period of untenantability. Coverage shall be limited to the period of time required to restore, as soon as possible, the rented portion to the same tenable condition;

2. the period of time, not exceeding two weeks, while access to the premises is prohibited by order of civil authority, as a direct result of damage to neighboring premises by a peril not otherwise excluded."

C. Under peril 10. Theft, subparagraph (4) of "b. Theft exclusions applicable while the described dwelling is rented to others:", which reads as follows, is deleted:

"(4) caused by a tenant, his employees or members of his household while renting the portion of the described dwelling customarily occupied exclusively by an Insured."

(Section II)

D. Under 8. DEFINITIONS paragraph d. "business means", subparagraph (2) of "which shall not include" is amended to read:

"(a) the rental or holding for rental of the residence premises for dwelling purposes;"

### 4. UNIT-OWNERS APPURTENANT STRUCTURES (SECTION I)

(This coverage applies only if an additional premium and a limit of liability has been shown on the overside of this form.)

This policy covers structures (other than the described condominium unit, including additions in contact therewith) owned solely by the Insured and located on the described premises.

This coverage also includes materials and supplies located on the premises intended for use in construction or repair of such structures.

This coverage excludes:

(a) structures used in whole or in part for business purposes; or

(b) structures rented or leased in whole or in part or held for such rental or lease to other than a tenant of the described condominium unit.

### 5. LOSS ASSESSMENT COVERAGE (SECTIONS I AND II)

(This coverage applies only if an additional premium and a limit of liability has been shown on the overside of this form.)

This Company agrees to indemnify the Named Insured, subject to the Limit of Liability and Deductible made part of this coverage, for payment of his share of special assessments, based on the ownership of such premises levied against the condominium owners by the association of all Unit-Owners in accordance with the governing rules of the condominium, when such assessment is made necessary by:

(a) a direct loss to the condominium property collectively owned by the Unit-Owners caused by perils for which Unit-Owners additions and alterations are insured against under Section I of this policy, or

(b) an occurrence to which Section II of this policy would apply.

Deductible—This coverage applies only when the Named Insured's share of the special assessment for such loss or occurrence exceeds \$250, and then only for the amount of such excess. Any other policy deductible does not apply to this coverage.

### 6. COVERAGE D—ADDITIONAL LIVING EXPENSE—INCREASED LIMITS (SECTION I)

This Company's Limit of Liability under Coverage D—Additional Living Expense is increased to the amount stated on the overside of this form.