

MISSOURI PROPERTY INSURANCE PLACEMENT FACILITY SINKHOLE LOSS POLICY

AGREEMENT

We will provide the insurance described in this Policy in return for the premium and compliance with all applicable provisions of the Policy.

DEFINITIONS

In this Policy, "you" and "your" refer to the "named insured" shown in the Declarations and the residents of the same household. "We", "us" and "our" refer to the Missouri Property Insurance Placement Facility.

"Dwelling" means a habitational structure owned by you and used as a residence.

"Actual Cash Value" is defined as a method of determining the value for a loss by calculating replacement cost less depreciation.

"Sinkhole Loss" means actual physical damage to a building or property arising out of sudden settlement or collapse of the earth supporting the building, and only when the sudden settlement or collapse results directly from subterranean voids created by the action of water on limestone or similar rock formation and is evidenced by:

1. The abrupt collapse of the ground cover;
2. A depression in the ground cover clearly visible to the naked eye;
3. Structural damage to the covered building, including the foundation; and
4. The insured structure is uninhabitable, which is evidenced by an order of condemnation by a governmental agency authorized to issue such an order for that structure, where applicable.

COVERAGES

This insurance applies to the described location, Coverages for which a limit of liability is shown and Perils Insured Against for which a premium is stated on the Declarations.

A. COVERAGE A – DWELLING

1. We cover the Dwelling on the described location shown in the Declarations, used principally for habitational purposes, including habitational structures attached to the dwelling.
2. We do not cover:
 - a. Land, including land on which the Dwelling is located, loss of the value of the land, or the costs associated with filling a sinkhole or otherwise repairing damage to the land;
 - b. Materials and supplies located on or next to the described location used to construct, alter or repair the dwelling or other structures on the described location;
 - c. Building equipment and outdoor equipment used for the service of and located on the described location;
 - d. Driveways or other roads or paths;
 - e. Non-habitational detached structures; and

- f. Other non-habitational structures on the described location set apart from the Dwelling by clear space. This includes structures connected to the dwelling by only a fence, utility line or similar connection.

B. COVERAGE B – PERSONAL PROPERTY

1. Covered Property

We cover personal property owned or used by you or members of your household that is damaged, lost or destroyed as a result of a covered Sinkhole Loss in the Dwelling in which the personal property is located.

Property Not Covered

We do not cover:

- a. Accounts, bank notes, bills, bullion, coins, currency, deeds, evidences of debt, gold other than goldware, letters of credit, manuscripts, medals, money, notes other bank notes, passports, personal records, platinum other than platinumware, securities, silver other than silverware, tickets, stamps, scrip, stored value cards and smart cards;
- b. Animals, birds or fish;
- c. Aircraft, meaning any contrivance used or designed for flight, including any parts whether or not attached to the aircraft.
We do cover model or hobby aircraft not used or designed to carry people or cargo;
- d. Hovercraft and parts. Hovercraft means a self-propelled motorized ground effect vehicle and includes, but not limited to, flarecraft and air cushion vehicles;
- e. Motor vehicles or all other motorized land conveyances.

This includes their equipment and parts while such property is in or upon the vehicle or conveyance.

However, this Paragraph 2.e. does not apply to:

- (1) Portable electronic equipment that:
 - (a) Reproduces, receives or transmits audio, visual or data signals; and
 - (b) Is designed so that it may be operated from a power source other than the electrical system of motor vehicles and all other motorized land conveyances.
- (2) Motor vehicles or other motorized land conveyances not required to be registered for use on public roads or property which are:
 - (a) Used solely to service a residence; or
 - (b) Designed to assist the handicapped;
- f. Watercraft of all types, other than rowboats and canoes;
- g. Data, including data stored in:
 - (1) Books of account, drawing or other paper records; or
 - (2) Computer and related equipment.
We do cover the cost of blank recording or storage media and of prerecorded computer programs available on the retail market;
- h. Credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal or transfer of funds; or
- i. Gravemarkers, including mausoleums.

C. Other Coverages

1. Debris Removal

We will pay your reasonable expense for the removal of debris of covered property if the loss is caused by sinkhole collapse as described in Perils Insured Against. This expense is included in the limit of liability that applies to the damaged property.

2. Reasonable Repairs

- a. In the event that covered property is damaged by a Peril Insured Against, we will pay the reasonable cost incurred by you for necessary measures taken solely to protect against further damage.
- b. If the measures taken involve repair to other damaged property, we will pay for those measures only if that property is covered under this Policy and the damage to the property is caused by a Peril Insured Against. This coverage does not:
 - (1) Increase the limit of liability that applies to the covered property; or
 - (2) Relieve you of your duties, in case of a loss to covered property, as set forth in Condition D.2.

PERILS INSURED AGAINST Sinkhole

We insure for Sinkhole Loss to the covered property.

GENERAL EXCLUSIONS

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

1. We do not insure against loss by fire, explosion, flood, power failure, pollutant, or any other event that is caused in whole or in part by a sinkhole collapse.

2. Ordinance Or Law

Ordinance Or Law means any ordinance or law:

- a. Requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris;
- b. The requirements of which result in a loss in value to property; or
- c. Requiring you or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants.

Pollutants mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

3. Earth Movement

Earth Movement means:

- a. Earthquake, including land shock waves or tremors before, during or after a volcanic eruption;
- b. Landslide, mudslide or mudflow;

- c. Subsidence; or
- d. Any other earth movement including earth sinking, rising or shifting.

This Exclusion **A.2.** applies regardless of whether any of the above, in **A.2.a.** through **A.2.d.**, is caused by an act of nature or is otherwise caused.

4. Water

This means:

- a. Flood, surface water, waves, including tidal wave and tsunami, tides, tidal water, overflow of any body of water or spray from any of these, all whether or not driven by wind, including storm surge;
- b. Water which:
 - (1) Backs up through sewers or drains; or
 - (2) Overflows or is otherwise discharged from a sump, sump pump or related equipment;
- c. Water below the surface of the ground, including water which exerts pressure on, or seeps, leaks or flows through a building, sidewalk, driveway, patio, foundation, swimming pool or other structure; or
- d. Waterborne material carried or otherwise moved by any of the water referred to in **A.3.a.** through **A.3.c.** of this exclusion.

This Exclusion **A.3.** applies regardless of whether any of the above, in **A.3.a.** through **A.3.d.**, is caused by an act of nature or is otherwise caused.

This Exclusion **A.3.** applies to, but is not limited to, escape, overflow or discharge, for any reason, of water or waterborne material from a dam, levee, seawall or any other boundary or containment system.

5. Neglect

Neglect means your neglect to use all reasonable means to save and preserve property at and after the time of a loss.

6. Intentional Loss

- a. Intentional Loss means any loss arising out of any act you or any person or organization named as an additional insured commits or conspires to commit with the intent to cause a loss.
In the event of such loss, neither you nor any such person or organization is entitled to coverage, even those who did not commit or conspire to commit the act causing the loss.
- b. However, this exclusion will not apply to deny payment to an innocent coinsured who is a victim of domestic violence, when such coverage would otherwise be excluded under this provision, if the insured:
 - (1) Files a police report; and
 - (2) Completes a sworn affidavit for us that indicates both:
 - (a) The cause of the loss; and
 - (b) A pledge to cooperate in any criminal prosecution of the person committing the act causing the loss.

B. We do not cover loss to lawns, plants, shrubs or trees outside of the covered structure.

CONDITIONS

A. Insurable Interest And Limit Of Liability

Even if more than one person has an insurable interest in the property covered, we will not be liable in any one loss:

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1. For an amount greater than the interest of a person insured under this Policy at the time of loss; or
2. For more than the applicable limit of liability.

B. Deductible

Unless otherwise noted in this Policy, the following deductible provision applies:

With respect to any one loss:

1. Subject to the applicable limit of liability, we will pay only that part of the total of all loss payable that exceeds the deductible amount shown in the Declarations.
2. If two or more deductibles under this Policy apply to the loss, only the highest deductible amount will apply.

C. Concealment Or Fraud

We provide coverage to no persons insured under this Policy if, whether before or after a loss, one or more persons insured under this Policy have:

1. Intentionally concealed or misrepresented any material fact or circumstance;
2. Engaged in fraudulent conduct; or
3. Made false statements relating to this insurance.

D. Duties After Loss

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

1. Give prompt notice to us or our agent;
2. Protect the property from further damage. If repairs to the property are required, you must:
 - a. Make reasonable and necessary repairs to protect the property; and
 - b. Keep an accurate record of repair expenses;
3. Cooperate with us in the investigation of a claim;
4. Prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;
5. As often as we reasonably require:
 - a. Show the damaged property;
 - b. Provide us with records and documents we request and permit us to make copies; and
 - c. Submit to examination under oath, while not in the presence of another named insured, and sign the same.
6. Send to us, within 60 days after our request, your signed, sworn proof of loss which sets forth to the best of your knowledge and belief:
 - a. The time and cause of loss;
 - b. Your interest and that of all others in the property involved and all liens on the property;
 - c. Other insurance which may cover the loss;
 - d. Changes in title or occupancy of the property during the term of the Policy;
 - e. Specifications of the damaged covered structure and detailed repair estimates;
 - f. The inventory of damaged personal property described in Paragraph D.4.

E. Loss Settlement

Covered property losses are settled at Actual Cash Value at the time of loss but not more than the amount required to repair or replace the damaged property.

F. Loss To A Pair Or Set

In case of loss to a pair or set, we may elect to:

1. Repair or replace any part to restore the pair or set to its value before the loss; or
2. Pay the difference between actual cash value of the property before and after the loss.

G. Glass Replacement

Loss for damage to glass caused by a Peril Insured Against will be settled on the basis of replacement with safety glazing materials when required by ordinance or law.

H. Appraisal

If you and we fail to agree on the actual cash value or the amount of the loss an appraisal may take place. On the written request of either party each shall select a competent and impartial appraiser within 20 days after receiving the request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days you or we may request that the choice be made by a judge of a court of record in the state and county where the Dwelling is located. The appraisers will separately set both the actual cash value and the amount of the loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the actual cash value or the amount of loss. If the appraisers fail to agree, they will submit their differences to the umpire. The umpire shall make an award within 30 days after receiving the appraisers' submissions of their differences. A decision agreed to by any two will set the amount of actual cash value and loss.

Each party will:

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

I. Other Insurance And Service Agreement

If property covered by this Policy is also covered by other sinkhole collapse insurance, we will pay only the proportion of a loss caused by any Peril Insured Against under this Policy that the limit of liability applying under this Policy bears to the total amount of sinkhole collapse insurance covering the property.

J. Subrogation

You may waive in writing before a loss all rights of recovery against any person. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us.

If an assignment is sought, the person insured must sign and deliver all related papers and cooperate with us.

If payment is made to an innocent coinsured for a loss arising from an act of domestic violence, the rights of that insured to recover against the perpetrator are transferred to us to the extent of our payment. Following the loss, the innocent coinsured may not waive such rights to recover against the perpetrator of the domestic violence.

K. Suit Against Us

No action can be brought against us unless there has been full compliance with all of the terms of this Policy and the action is started within ten years after the date of loss.

L. Our Option

If we give you written notice within 30 days after we receive your signed, sworn proof of loss, we may repair or replace any part of the damaged property with material or property of like kind and quality.

M. Loss Payment

We will adjust all losses with you. We will pay you unless some other person is named in the Policy or is legally entitled to receive payment. Loss will be payable 60 days after we receive your proof of loss and:

1. Reach an agreement with you;
2. There is an entry of a final judgment; or
3. There is a filing of an appraisal award with us.

N. Abandonment Of Property

We need not accept any property abandoned by you.

O. Mortgage Clause

1. If a mortgagee is named in this Policy, any loss payable under Coverage **A** or **B** will be paid to the mortgagee and you, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.
2. If we deny your claim, the denial will not apply to a valid claim of the mortgagee, if the mortgagee:
 - a. Notifies us of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware;
 - b. Pays any premium due under this Policy on demand if you have neglected to pay the premium; and
 - c. Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so. Policy conditions relating to:
 - (1) Appraisal;
 - (2) Suit Against Us; and
 - (3) Loss Payment;also apply to the mortgagee.
1. If we decide to cancel or not to renew this Policy, the mortgagee will be notified at least 10 days before the date cancellation or nonrenewal takes effect.
4. If we pay the mortgagee for any loss and deny payment to you:
 - a. We are subrogated to all the rights of the mortgagee granted under the mortgage on the property; or
 - b. At our option, we may pay to the mortgagee the whole principal on the mortgage plus any accrued interest. In this event, we will receive a full assignment and transfer of the mortgage and all securities held as collateral to the mortgage debt.
5. Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

P. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advanced written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice at least:

- a. 30 days before the effective date of cancellation due to non-payment of premium.
- b. 30 days before the effective date of cancellation if for any other reason.

3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled we will send the first Named Insured any premium refund due.
 - a. Premium refund will be made on a pro-rata basis.
 - b. We will retain a minimum premium of \$100 or portion thereof from the pro-rata refund.
6. Proof of mailing is sufficient evidence that the Notice of Cancellation was mailed.

R. Nonrenewal

We may elect not to renew this Policy. We may do so by mailing or delivering, to the first Named Insured shown on the Declaration at the last address known to us, a Notice of Nonrenewal. Such notice will be mailed or delivered at least 30 days before the expiration date of the Policy. A Proof of Mailing will be sufficient proof of notice.

S. Liberalization Clause

If we make a change which broadens coverage under this edition of our Policy without additional premium charge, that change will automatically apply to your insurance as of the date we implement the change, provided that this implementation date falls within 60 days prior to or during the policy period stated in the Declarations.

This Liberalization Clause does not apply to changes implemented with a general program revision that includes both broadenings and restrictions in coverage, whether that general program revision is implemented through introduction of:

1. A subsequent edition of this Policy; or
2. An amendatory endorsement.

T. Waiver Or Change Of Policy Provisions

A waiver or change of a provision of this Policy must be in writing by us to be valid. Our request for an appraisal or examination will not waive any of our rights.

U. Assignment

Assignment of this Policy will not be permitted.

V. Death

If you die, we insure:

1. Your legal representatives but only with respect to the property of the deceased covered under the Policy at the time of death;
2. With respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

W. Recovered Property

If you or we recover any property for which we have made payment under this Policy, you or we will notify the other of the recovery. At your option, the property will be returned to or by you, the loss payment will be adjusted based on the amount you received for the recovered property.

X. Loss Payable Clause

If the Declarations shows a loss payee for certain listed insured personal property, that person is considered an insured in this Policy with respect to that property. If we decide to cancel or not renew this Policy, that loss payee will be notified in writing.

Y. Policy Period

This Policy applies only to loss which occurs during the policy period.

Z. Decreases in Coverage

We may reduce in amount of this policy by mailing or delivering to the first Named Insured written notice of this action at least 30 days before the effective date of this action. If a premium refund is due it will be calculated on a pro-rata basis. Proof of mailing will be sufficient proof of notice.

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