



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**SPECIAL PROVISIONS - ARKANSAS**

**DEFINITIONS**

The following definitions are being added:

- 9. **"Fungi"** means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents, or by-products produced or released by **fungi**.
- 10. **"Motorized vehicle"** means a self-propelled land or amphibious vehicle regardless of method of surface contact. This includes parts and equipment. This does not include vehicles that are designed and used to assist the handicapped or are not required to be licensed for road use.
- 11. **"Motorized vehicle registration"** means any licensing, fees, registration or other process that must be completed with any governmental entity that is required by any ordinance, statute or regulation. **Motorized vehicle registration** is not limited to registration of **motorized vehicles** for use on the public highways, and includes any and all fees, licensing and/or registration of **motorized vehicles** pursuant to applicable law.

**SECTION I - PROPERTY COVERAGES**

**COVERAGE C - Personal Property**

**Special Limits of Liability**

Item 12. is added as follows:

- 12. \$2,500 on trading cards and comic books, including any of these that are a part of a collection.

(This is Special Limits of Liability 11. in **our** Premier Select Policy.)

**Property Not Covered**

Under item 3., paragraph 3 is deleted and replaced by the following:

**We** do cover vehicles or conveyances not subject to **motor vehicle registration** which are:

- a. Used solely to service an **insured's** residence; or
- b. Designed for assisting the handicapped;

**COVERAGE D - Loss Of Use**

The first paragraph is deleted and replaced by the following:

The limit of liability for Coverage D is the actual loss sustained within 12 months from the date of the loss and shall not exceed 30% of the Coverage A amount for Premier, Premier Plus and Premier Select policies and 30% of Coverage C for Premier Condominium Owners and Premier Renters policies for 1. and 2. below:

Item 3. is deleted and the following paragraph is added:

If a civil authority prohibits **you** from the use of the **residence premises** as a result of direct damage to neighboring premises by a Peril Insured Against in this policy, **we** cover the Additional Living Expense and Fair Rental Value loss as provided under 1. and 2. above for no more than two weeks.

The paragraph "The periods of time under 1., 2. and 3. above are not limited by expiration of this policy." is deleted and replaced by the following:

The periods of time for all the above are not limited by expiration of this policy.

**ADDITIONAL COVERAGES**

4. **Fire Department Service Charge.** The first sentence is deleted and replaced by the following:

**We** will pay up to \$2,500 for **your** liability assumed by contract or agreement for fire department charges incurred when the fire department is called to save or protect covered property from a Peril Insured Against.

11. **Ordinance or Law.** The first paragraph is deleted and replaced by the following:

a. **You** may use up to \$5,000 for the increased costs **you** incur due to the enforcement of any ordinance or law which requires or regulates:

(This is ADDITIONAL COVERAGES 10. in **our** Premier Condominium Owners Policy. ADDITIONAL COVERAGES 11. does not apply to **our** Premier Select Policy.)

Item 12. is added as follows:

12. **Arson Reward.**

**We** will pay \$1,000 for information which leads to an arson conviction in connection with a fire loss to property covered by this policy. This coverage may increase the limit otherwise applicable. However, the \$1,000 limit shall not be increased regardless of the number of persons providing information.

(This is ADDITIONAL COVERAGES 11. in **our** Premier Condominium Owners Policy. This is ADDITIONAL COVERAGES 9. in **our** Premier Select Policy.)

**SECTION I - PERILS INSURED AGAINST**

For Premier and Premier Plus policies, under **Coverage A - Dwelling and Coverage B - Other Structures**, item 2.e.(3) is deleted and replaced by the following:

(3) Smog, rust or other corrosion, **fungi**, mold, wet or dry rot;

For Premier and Premier Plus Homeowners Policies, under **Coverage A - Dwelling and Coverage B - Other Structures**, item 2.e.(9) is added:

**We** do not, however, insure for loss:

2. Caused by:

e. Any of the following:

(9) Continuous or repeated seepage or leakage of water or steam over weeks, months or years from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or from within a household appliance.

For Premier and Premier Plus Homeowners Policies, the last paragraph on item 2.e. is deleted and replaced with the following:

If a loss excluded under 2.e. above causes or results in water to escape suddenly and accidentally from a plumbing, heating, air conditioning or automatic fire protective sprinkler system or household appliance, **we** do cover the direct physical loss caused by the water, including the cost of tearing out and replacing any part of a building necessary to repair the system or appliance. **We** do not cover loss to the system or appliance from which this water escaped.

**SECTION I - EXCLUSIONS**

The first paragraph is deleted and replaced by the following:

**We** do not insure for any loss caused directly or indirectly by any of the following exclusions, regardless of the cause of the excluded event or damage; other causes of the loss; whether any other cause or event acts concurrently or in any sequence with the excluded event to produce the loss; whether the loss or event occurs suddenly or gradually, involves isolated or widespread damage or occurs as a result of any combination of these; or whether the loss is caused by, results from, consists of, involves or is contributed to by a natural, human, animal or plant forces.

(This is item 1. in **our** Premier and Premier Plus Homeowners Policies.)

For Premier and Premier Plus Homeowners Policies, the first paragraph under item 2. is deleted and replaced with the following:

2. **We** do not insure for loss to property described in Coverages A and B caused directly or indirectly by any of the following regardless of whether any other cause or event contributes or acts concurrently or in any sequence with the excluded event to produce the loss.

3. **Water Damage** is deleted and replaced by the following:

3. **Water Damage**, meaning loss caused by or consisting of:

- a. Flood, surface water, waves, tidal water, tsunami, seiche, storm surge, breach or overflow or failure of levees or dikes, overflow of a body of water, or spray from any of these, whether or not driven by wind;
- b. Water or water-borne material or any liquid or semi-liquid substance which backs up through sewers or drains or which overflows from a sump pump, sump pump well or any other device designed to remove water or water-borne material or any liquid or semi-liquid substance from the **residence premises**;
- c. Water below the surface of the ground including water which exerts pressure on or seeps or leaks through a building, sidewalk, driveway, foundation, swimming pool or other structure;
- d. Water which is released, overflows or escapes from a dam, levee or other structure designed to contain surface water; or
- e. Damage to the interior of a building from rain, snow or sleet, unless the wall or roof of the building has first sustained a loss from a cause of loss covered in Section I, that created an opening through which the rain, snow or sleet entered;

whether caused by or resulting from human, animal, plant or naturally occurring forces, or however caused.

Direct loss by fire, explosion or theft resulting from water damage is covered.

(This is Exclusion 1.c. in **our** Premier and Premier Plus Homeowners Policies.)

Item 9. is added as follows:

9. **We** do not insure for loss, caused by hail, that alters the physical appearance of the **metal roof covering** but does not result in the penetration of water through the **metal roof covering** or does not result in the failure of the **metal roof covering** to perform its intended function of keeping out the elements over an extended period of time.

**Metal roof covering** means the metal roofing material exposed to the weather, the underlayments applied for moisture protection and all flashings required in the replacement of a **metal roof covering**.

**We** do insure for loss, by a covered peril, to **metal roof coverings** that will allow the penetration of water through the **metal roof covering** or that results in the failure of the **metal roof covering** to perform its intended function of keeping out the elements over an extended period of time.

(This is Exclusion 3. in **our** Premier and Premier Plus policies.)

**SECTION I - CONDITIONS**

**3. Loss Settlement**

For Premier and Premier Plus Homeowners Policies, item b.(4) is deleted and replaced by the following:

b.(4) **We** will pay no more than the actual cash value of the damage until actual repair or replacement is complete. Once actual repair or replacement is complete, **we** will settle the loss according to the provisions of b.(1) and b.(2) above.

However, if the cost to repair or replace the damage is less than \$5,000, **we** will settle the loss according to the provisions of b.(1) and b.(2) above whether or not actual repair or replacement is complete.

Item 6. **Appraisal** is deleted and replaced by the following:

**6. Appraisal.** If **you** and **we** fail to agree on the amount of loss, and any **insured** claiming coverage has complied with all other conditions of the policy, an appraisal of the loss may take place. However, an appraisal will take place only if both **you** and **we** agree, voluntarily, to have the loss appraised. If both parties agree in writing to appraisal, each party will choose a competent and disinterested appraiser within 20 days after receiving a written request from the other. The two appraisers will choose a disinterested and impartial umpire. If they cannot agree upon an umpire within 15 days, **you** or **we**, upon written notice to the other, may request that the choice be made by a judge of a court of record in the state where the **residence premises** is located. The appraisers shall separately set the amount of the loss as defined in the policy. If the appraisers submit a written report of an agreement to **us**, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. An appraisal decision will not be binding on either party.

Each party will:

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

Item 8. **Suit Against Us** is deleted and replaced by the following:

**8. Suit Against Us.** No action can be brought unless the policy provisions have been complied with and the action is started within five years after the date of loss.

Item 12. **Mortgage Clause** is amended as follows:

Item b. is deleted and replaced by the following:

- b. Pays any premium due under this policy when notified if **you** have neglected to pay the premium; and

The sentence "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." is deleted and replaced by the following:

If **we** decide to cancel this policy, the mortgagee will be notified:

- a. At least 10 days before the date cancellation takes effect if:
  - (1) **We** cancel for nonpayment of premium, or
  - (2) The policy has been in effect for less than 60 days and is not a renewal with **us**; or
- b. At least 30 days before the date cancellation takes effect in all other cases.

If **we** decide not to renew this policy, the mortgagee will be notified at least 30 days before the date nonrenewal takes effect.

Item 17. under **Section I - Conditions** is added:

## 17. Your Duty to Select and Maintain Policy Limits

At each policy renewal date, the amount of the limit of liability stated in the declarations for COVERAGE A may be adjusted to account for inflation, current building costs, changes in the cost of items of property, and other factors. Any adjustment of the amount of the COVERAGE A limit of liability will result in proportionate adjustments of the amounts of limits of liability of COVERAGE B and COVERAGE C and the amounts of the limits of liability of those OTHER COVERAGES - SECTION I, for which the limits of liability are stated in the policy as a percentage of the COVERAGE A limit of liability.

## SECTION II - EXCLUSIONS

Under 1. **Coverage E - Personal Liability** and **Coverage F - Medical Payments to Others**, Exclusions a. and f. are deleted and replaced by the following and Exclusions m. and n. are added:

a. Which is expected or intended by one or more **insureds** even if the **bodily injury** or **property damage**:

- (1) Is of a different kind, quality or degree than expected or intended; or
- (2) Is sustained by a different person or entity than expected or intended.

However, this Exclusion 1.a. does not apply to **bodily injury** resulting from the use of reasonable force by one or more **insureds** to protect persons or property.

f. Arising out of:

- (1) The ownership, maintenance, use, loading or unloading of any **motorized vehicles** or all other motorized land conveyances, including trailers, owned or operated by or rented or loaned to an **insured**;
- (2) The entrustment by an **insured** of any **motorized vehicles** or any other motorized land conveyance to any person; or
- (3) Vicarious liability, whether or not statutorily imposed, for the actions of a child or minor using a vehicle or conveyance excluded in paragraph (1) or (2) above.

This exclusion does not apply to:

- (1) A trailer not towed by or carried on a motorized land conveyance.
- (2) A motorized land conveyance designed for recreational use off public roads that is not subject to any **motorized vehicle registration** and;
  - (a) Not owned by an **insured**; or
  - (b) Owned by an **insured** and on an **insured location**;
- (3) A motorized golf cart when used to play golf on a golf course;
- (4) A vehicle or conveyance that is not subject to any **motorized vehicle registration** which is:
  - (a) Used to service an **insured's** residence;
  - (b) Designed for assisting the handicapped; or
  - (c) In dead storage on an **insured location**;

m. Arising out of the liability assumed by the **insured** under any contract or agreement except any indemnity obligation assumed by the **insured** under a written contract directly relating to the ownership, maintenance or use of the premises.

n. Arising out of the liability for claims made against any **insured** arising out of the sale or transfer of the insured premises or other real estate including but not limited to any claims made against any **insured** for fraud, misrepresentation, failure to disclose or any other claim made against any **insured** arising out of the sale or transfer of real estate.

Under 2. **Coverage E - Personal Liability**, Exclusion a.(3) is added:

(3) For the liability imposed for **punitive damages** and/or exemplary damages. **Punitive Damages** are amounts of money awarded or imposed to punish or to make an example of a wrongdoer.

**SECTIONS I AND II - CONDITIONS**

5. **Cancellation.** Paragraphs b.(3) is deleted and replaced by the following:

(3) When this policy has been in effect for 60 days or more, or at any time if it is a renewal with **us**, **we** may cancel:

- (a) Upon discovery of fraud or material misrepresentation made by or with the knowledge of the named insured in obtaining or continuing the policy, or in presenting a claim under this policy;
- (b) Upon the occurrence of a material change in the risk which substantially increases any hazard insured against after insurance coverage has been issued;
- (c) If there is a violation of any local fire, health, safety, building or construction regulation or ordinance with respect to any insured property which substantially increases any hazard insured against;
- (d) For nonpayment of membership dues required by **us** as a condition of the issuance and maintenance of the policy; or
- (e) In the event of a material violation of a material provision of this policy.

This can be done by letting **you** know at least 30 days before the date cancellation takes effect.

Paragraph b. (4) is deleted in its entirety.

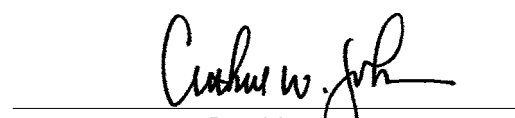
8. **Subrogation.** The first paragraph is deleted and replaced by the following:

8. **Subrogation.** An **insured** 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**. However, **we** will be entitled to a recovery only after an **insured** has been fully compensated for the loss sustained.

All other provisions of this policy apply.

**AUTO CLUB FAMILY INSURANCE COMPANY**

  
 \_\_\_\_\_  
 Secretary

  
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 President