

PLEASE READ THIS ENDORSEMENT CAREFULLY, AS IT MODIFIES THE POLICY.

SPECIAL PROVISIONS – ILLINOIS

The sections of the policy listed below are amended as specified.

PROPERTY COVERAGES

The following is inserted before **1. DWELLING COVERAGE**:

SEPARATION OF PROPERTY COVERAGES

Liability for loss caused by all eligible perils is assumed by the Illinois mutual insurance company issuing this policy. Liability for loss caused by perils which are ineligible for insurance by the Illinois mutual insurance company, if any, is assumed by Grinnell Mutual Reinsurance Company.

EXCLUSIONS

Exclusion **3. Water Damage** is replaced with the following:

3. Water Damage

“We” do not pay for loss resulting from:

- a. Flood, surface water, waves, overflow of any body of water, or their spray, regardless of cause and whether or not driven by wind;
- b. Tsunami, storm surge, tidal surge, tidal wave, tidal water, storm tide, or their spray, whether or not driven by wind or caused by earthquake;
- c. Mudslide or mudflow;
- d. Water or water-borne material which backs up or overflows from sewers or drains;
- e. Water or water-borne material below the ground surface pressing on, or flowing or seeping through:
 - 1) Foundations, patios, walls, floors, or paved surfaces;
 - 2) Basements, whether finished or not;
 - 3) Doors, windows, or other openings;
 - 4) Discharged from a sump well, sump pump, or related equipment; or
- f. Damage to piers, docks, or boat hoists caused by waves, whether or not driven by wind;

This exclusion **3.** applies, whether or not the loss is caused by or resulting from:

- a. Human, animal forces, or any act of nature; or
- b. The failure of any dam, levee, seawall, or any other boundary or containment system.

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

Exclusion **4. Power Failure** is replaced with the following:

4. Power Failure

Power Failure means loss from the failure of power or other utility services resulting from any cause, whether insured under this policy or not, if the failure of power takes place away from the “insured premises”. “We” will pay for loss caused by a Peril Insured Against which occurs on the “insured premises” as a result of failure of power except for direct or indirect loss to “livestock” or “poultry”.

Exclusion **8. Intentional Or Expected Loss** is replaced with the following:

8. Intentional Or Expected Loss

- a. Intentional loss means any loss arising out of any act an “insured” commits or conspires to commit with the intent to cause a loss.
In the event of such loss, no “insured” is entitled to coverage, even an “insured” 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 co-insured who did not cooperate in or contribute to the creation of the loss if:
 - 1) Such loss arose out of a pattern of criminal domestic violence; and
 - 2) The perpetrator of the loss is criminally prosecuted for the act causing the loss.
- c. If “we” pay a claim pursuant to Paragraph **8.b.**, “our” payment to the “insured” is limited to that “insured’s” insurable interest in the property less any payments “we” first made to a mortgagee or other party with a legal secured interest in the property. In no event will “we” pay more than the limit of liability.

Exclusion **11. Illegal Substances** is amended by adding the following:

This exclusion does not apply to the legitimate use of prescription drugs by a person following the orders of a licensed physician.

Exclusion **14. Death Or Injury To “Livestock” Or “Poultry”** is replaced with the following:

14. Death Or Injury To “Livestock” Or “Poultry”

- a. “We” do not pay for loss of “livestock” or “poultry” caused by:
 - 1) Smothering, including in blizzards and snow-storms;
 - 2) Asphyxiation;
 - 3) Suffocation;
 - 4) Fright;
 - 5) Hypothermia; or
 - 6) Hyperthermia.

“We” will cover death or injury to “livestock” or “poultry” resulting from a fire on the “insured premises”.

- b. “We” do not pay for loss which results in death or injury to “livestock” or “poultry”, unless:
 - 1) The claim is reported to “us” within 48 hours of death or injury to the animal;
 - 2) A licensed veterinarian performs a postmortem examination; and
 - 3) The death or injury was caused by a Peril Insured Against.

In no event will “we” provide coverage if the loss is reported later than 48 hours after death.

Exclusion **26. Public Storage Facility** is replaced with the following:

26. Public Storage Facility

“We” do not pay for grain in a public storage facility.

CONDITIONS

Condition **5. Appraisal** is amended by replacing the third paragraph with the following:

Each party will pay the appraiser it chooses, and the parties will share equally the umpire’s fee and other expenses of the appraisal, except that “we” will pay “your” appraiser’s fee and the umpire’s fee if:

- a. “You” demanded the appraisal; and
- b. The full amount of the loss, as set by “your” appraiser, is agreed to by “our” appraiser or the umpire.

The appraisal procedure shall be the exclusive means of determining the actual cash value or amount of loss. A decision or award of two or more of the appraisers and the umpire will be binding on the parties to the appraisal and may not be rejected by any of the parties. Neither “you” nor “we” have a right to contest the decision or award of the appraisers and umpire to a court. “You” or “we” may submit a dispute regarding the existence of coverage or application of a policy term to a court for resolution.

Condition 9. **Suit Against “Us”** is replaced with the following:

9. Suit Against “Us”

No action may be brought against “us” unless there has been full compliance with all of the terms under this policy and the action is started within twelve months after the date of loss.

However, this twelve month period is extended by the number of days between the date proof of loss is submitted and the date the claim is denied in whole or in part.

Condition 11. **“Our” Payment of Loss** is replaced with the following:

11. “Our” Payment of Loss

“We” shall adjust any loss with “you” and pay “you” unless another payee is named in the policy. “We” will pay within 30 days after the amount of loss is finally determined by agreement between “you” and “us”, a court judgment or an appraisal award.

“We” may choose to discuss the claim loss with a contractor, but are not required to do so. If “you” assign “your” right to loss payment to a third party, “we” will make the payment to the designated third party, but “we” are not required to negotiate the right to that payment or the amount of that payment with the assignee third party or its representative. If “you” retain a public adjuster to speak on “your” own behalf in adjusting the claim loss, “we” will discuss the claim and negotiate with that public adjuster as “you” direct.

RIGHTS AND DUTIES – GENERAL POLICY CONDITIONS

Condition 1. **Liberalization Clause** is replaced with the following:

1. Liberalization Clause

If any coverage under this policy is broadened without charge during the policy period, this policy will automatically provide the broadened coverage when it becomes effective.

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:

- a. A subsequent edition of this policy; or
- b. An amendatory endorsement.

Condition 3. **Cancellation** is replaced with the following:

3. Cancellation

- a. “You” or “your” agent, at “your” request, may cancel this policy at any time by:
 - 1) Returning this policy to “us”; or
 - 2) Mailing or delivering a written request for cancellation to “us”. Unless otherwise requested, the cancellation will be effective on the date “we” receive the policy or the request for cancellation.
- b. “We” may cancel this policy as provided in this condition. The cancellation notice, together with “our” reason for cancellation, will be mailed to “you” at “your” last mailing address known by “us”. Proof of mailing will be sufficient proof of notice.

Notification of cancellation will also be sent to the named “insured’s” broker, if known, or agent of record, if known, and to the mortgagee or lienholder listed on the policy.

- 1) If this policy has been in effect for 60 days or less, except as provided in Paragraphs 5) and 6) below, “we” may cancel this policy by mailing written notice of cancellation at least:
 - a) 10 days before the effective date of cancellation if “we” cancel for nonpayment of premium; or
 - b) 30 days before the effective date of cancellation if “we” cancel for any other reason.
- 2) If this policy has been in effect for more than 60 days, except as provided in Paragraphs 5) and 6) below, “we” may cancel this policy only for one or more of the following reasons:
 - a) Nonpayment of premium;
 - b) The policy was obtained through a material misrepresentation;

Includes copyrighted material of Insurance Services Office, Inc., with its permission.

- c) "You" have violated any of the terms and conditions of the policy;
- d) The risk originally accepted has measurably increased;
- e) Certification to the Director of Insurance of the loss of reinsurance by the insurer which provided coverage to "us" for all or a substantial part of the underlying risk insured; or
- f) A determination by the Director that the continuation of the policy could place "us" in violation of the insurance laws of this State.

If "we" cancel this policy based on one or more of the above reasons except for nonpayment of premium, "we" will mail written notice at least 60 days before the effective date of cancellation. When cancellation is for nonpayment of premium, "we" will mail written notice at least 10 days before the effective date of cancellation.

- 3) If this policy is cancelled, "we" will send "you" any premium refund due. If "we" cancel "your" policy, the refund will be prorata. If "you" cancel "your" policy, the refund may be less than prorata. The cancellation will be effective even if "we" have not made or offered a refund.
- 4) "Our" notice of cancellation will state the reason for cancellation.
- 5) The following applies only if this policy covers real property other than residential property occupied by 4 families or fewer:

If any one or more of the following conditions exists at any building that is Covered Property in this policy, "we" may cancel this policy by mailing to "you" written notice of cancellation, by both certified and regular mail, if:

- a) After a fire loss, permanent repairs to the building have not started within 60 days of satisfactory adjustment of loss, unless the delay is due to a labor dispute or weather.
- b) The building has been unoccupied 60 or more consecutive days. This does not apply to:
 - (1) Seasonal unoccupancy; or
 - (2) Buildings under repair, construction or reconstruction, if properly secured against unauthorized entry.
- c) The building has:
 - (1) An outstanding order to vacate;
 - (2) An outstanding demolition order; or
 - (3) Been declared unsafe in accordance with the law.
- d) Heat, water, sewer service, or public lighting have not been connected to the building for 30 consecutive days or more.

The policy will terminate 10 days following receipt of the written notice by the named "insured(s)".

- 6) The following applies if this policy covers residential properties occupied by 4 families or fewer:

If this policy has been in effect for 60 days, or if this is a renewal policy, "we" may only cancel this policy for one or more of the following reasons:

 - a) Nonpayment of premium;
 - b) The policy was obtained by misrepresentation or fraud; or
 - c) Any act that measurably increases the risk originally accepted.

If "we" cancel this policy based on one or more of the above reasons except for nonpayment of premium, "we" will mail written notice at least 30 days before the effective date of cancellation. When cancellation is for nonpayment of premium, "we" will mail written notice at least 10 days before the effective date of cancellation.

- 7) If "we" cancel "your" policy, "we" will return no more than the prorated unused share of "your" premium.

Condition **4. Nonrenewal** is replaced with the following:

4. Nonrenewal

- a.** "We" may elect not to renew this policy. The nonrenewal notice, together with "our" intention not to renew, will be mailed to "you" at "your" last mailing address known by "us" at least 60 days before the expiration or anniversary date. Proof of mailing will be sufficient proof of notice.

Notification of nonrenewal will also be sent to the named "insured's" broker, if known, or agent of record, if known, and the last known mortgagee or lienholder.

If "we" offer to renew or continue and "you" do not accept, this policy will terminate at the end of the current policy period. Failure to pay the required renewal or continuation premium when due shall mean that "you" have not accepted "our" offer.

If "we" fail to mail proper written notice of nonrenewal and "you" obtain other insurance, this policy will end on the effective date of that insurance.

- b.** The following provision applies only if this policy covers residential properties occupied by 4 families or fewer:
- 1)** If this policy has been issued to "you" and in effect with "us" for less than 5 years, "we" may not fail to renew this policy unless "you" received 30 days' notice as provided in **a.** above.
 - 2)** If this policy has been issued to "you" and in effect with "us" for 5 or more years, "we" may not fail to renew this policy unless:
 - a)** The policy was obtained by misrepresentation or fraud;
 - b)** The risk originally accepted has measurably increased; or
 - c)** "You" received 60 days' notice of "our" intent not to renew as provided in **a.** above.

All other terms and conditions of this policy apply.