

IV. POLICY CHANGES AFFECTING THE LIBERALIZATION CLAUSE

All forms of the Standard Flood Insurance Policy (SFIP)—Dwelling Form, General Property Form, and Residential Condominium Building Association Policy (RCBAP)—were revised effective December 31, 2000. Under the SFIP's Liberalization Clause, the liberalized coverages quoted and described below apply to claims occurring on or after December 31, 2000, under old policies effective before December 31, 2000.

A. ADDITIONS AND EXTENSIONS

Pertains to:

- Dwelling Form, Section III. Property Covered, A. Coverage A – Building Property, 2.
- General Property Form and RCBAP, Section III. Property Covered, A. Coverage A – Building Property, 3 (language differs slightly from Dwelling Form language quoted below).

Coverage A – Building Property now includes:

“Additions and extensions attached to and in contact with the dwelling by means of a rigid exterior wall, a solid load-bearing interior wall, a stairway, an elevated walkway, or a roof. At your option, additions and extensions connected by any of these methods may be separately insured. Additions and extensions attached to and in contact with the building by means of a common interior wall that is not a solid load-bearing wall are always considered part of the dwelling and cannot be separately insured.”

Additions and extensions connected in an approved method can be insured either as separate buildings or as one building, except that, if the connection is a common interior wall that is not a solid load-bearing wall, the building and the addition or extension must be insured as one building.

In the event of a loss occurring on or after December 31, 2000, to two or more buildings insured under the old policy and not eligible as one building under that policy but eligible as one building under the new policy, coverage will be extended to all buildings.

If an insured has separate policies for two or more buildings as required under the old policy, but under the new policy these buildings are eligible to be insured with a single policy, the insured may combine coverage into one policy to reduce the premium. Under NFIP rules, such adjustment cannot be made until renewal.

B. WATER SOFTENERS AND OTHER PARTS OF PLUMBING SYSTEM

Pertains to: All policy forms, Section III. Property Covered, A. Coverage A – Building Property, 8.a.(14).

Coverage A – Building Property now includes:

“Water softeners and the chemicals in them, water filters, and faucets installed as an integral part of the plumbing system.”

These items have been added to the list of building property covered in a post-FIRM enclosure or in a basement.

C. TENANT'S PERSONAL PROPERTY AND IMPROVEMENTS

Pertains to: Dwelling Form, Section III. Property Covered, B. Coverage B – Personal Property, 4.

Coverage B – Personal Property now includes more tenant personal property and certain tenant improvements:

“If you are a tenant and have insured personal property under Coverage B in this policy, we will cover such property, including your cooking stove or range and refrigerator. The policy will also cover improvements made or acquired solely at your expense in the dwelling or apartment in which you reside, but for not more than 10 percent of the limit of liability shown for personal property on the Declarations Page. Use of this insurance is at your option but reduces the personal property limit of liability.”

Contents coverage has been expanded to include cooking stoves, ranges, and refrigerators owned by renters. In addition, improvements made by a renter are covered up to 10 percent of contents coverage (not as an additional amount of coverage).

D. UNIT OWNER'S INTERIOR WALLS, FLOOR, AND CEILING

Pertains to:

- Dwelling Form, Section III. Property Covered, B. Coverage B – Personal Property, 5.
- General Property Form, Section III. Property Covered, B. Coverage B – Personal Property, 8 (language differs slightly from Dwelling Form language quoted below).

Coverage B – Personal Property now includes the interior walls, floor, and ceiling of a condominium unit owner, if these are not insured under the condominium association's policy:

“If you are the owner of a unit and have insured personal property under Coverage B in this policy, we will also cover your interior walls, floor, and ceiling (not otherwise covered under a flood insurance policy purchased by your condominium association) for not more than 10 percent of the limit of liability shown for personal property on the Declarations Page. Use of this insurance is at your option but reduces the personal property limit of liability.”

For condominium unit owners, up to 10 percent of the contents coverage (not an additional amount of coverage) may be applied to losses to interior walls, floor, and ceiling not covered by the condominium association's master policy.

E. SPECIAL LIMITS ON CERTAIN PERSONAL PROPERTY ITEMS

Pertains to:

- Dwelling Form, Section III. Property Covered, B. Coverage B – Personal Property, 6.
- General Property Form, Section III. Property Covered, B. Coverage B – Personal Property, 5.
- RCBAP, Section III. Property Covered, B. Coverage B – Personal Property, 4.

Under Coverage B – Personal Property, the per-loss limit for certain items of personal property (formerly \$500 per loss) has been increased:

“Special Limits. We will pay no more than \$2,500 for any one loss to one or more of the following kinds of personal property:

- a. Artwork, photographs, collectibles, or memorabilia, including but not limited to, porcelain or other figures, and sports cards;
- b. Rare books or autographed items;
- c. Jewelry, watches, precious and semiprecious stones, or articles of gold, silver, or platinum;
- d. Furs or any article containing fur which represents its principal value.”

Coverage has been increased in all policies to \$2,500 per loss for the items listed. In the Dwelling Form only, similar coverage has been added for “Personal property used in any business.”

F. LOSS AVOIDANCE MEASURES

Pertains to: All policy forms, Section III. Property Covered, C. Coverage C – Other Coverages, 2.

Under Coverage C. – Other Coverages, the amount payable for specified loss avoidance measures (formerly \$500 per measure) has been increased:

“Loss Avoidance Measures

a. Sandbags, Supplies, and Labor

- (1) We will pay up to \$1,000 for costs you incur to protect the insured building from a flood or imminent danger of flood, for the following:

(a) Your reasonable expenses to buy:

- (i) Sandbags, including sand to fill them;
- (ii) Fill for temporary levees;
- (iii) Pumps; and
- (iv) Plastics sheeting and lumber used in connection with these items.

(b) The value of work, at the federal minimum wage, that you or a member of your household perform.

- (2) This coverage for Sandbags, Supplies, and Labor applies only if damage to insured property by or from flood is imminent, and the threat of flood damage is apparent enough to lead a person of common prudence to anticipate flood damage. One of the following must also occur:

(a) A general and temporary condition of flooding in the area near the described location must occur, even if the flood does not reach the insured building; or

- (b) A legally authorized official must issue an evacuation order or other civil order for the community in which the insured building is located calling for measures to preserve life and property from the peril of flood.

This coverage does not increase the Coverage A or Coverage B limit of liability.

b. Property Removed to Safety

- (1) We will pay up to \$1,000 for the reasonable expenses you incur to move insured property to a place other than the described location that contains the property in order to protect it from flood or the imminent danger of flood.

Reasonable expenses include the value of work, at the federal minimum wage, that you or a member of your household perform.

- (2) If you move insured property to a location other than the described location that contains the property, in order to protect it from flood or the imminent danger of flood, we will cover such property while at that location for a period of 45 consecutive days from the date you begin to move it there. The personal property that is moved must be placed in a fully enclosed building or otherwise reasonably protected from the elements.

Any property removed, including a moveable home described in II.B.6.b. and c., must be placed above ground level or outside of the special flood hazard area.

This coverage does not increase the Coverage A or Coverage B limit of liability.”

Coverage for these two loss avoidance measures has been increased to \$1,000 per measure.

G. SELF-PROPELLED VEHICLES

Pertains to: All policy forms, Section IV. Property Not Covered, 5.

The former prohibition on coverage of self-propelled vehicles has been modified:

“Self-propelled vehicles or machines, including their parts and equipment[, generally are not covered]. However, we do cover self-propelled vehicles or machines not licensed for use on public roads that are:

- a. Used mainly to service the described location, or
- b. Designed and used to assist handicapped persons,

while the vehicles or machines are inside a building at the described location.”

Self-propelled vehicles that service the described location (not just the building) or are designed and used to assist the handicapped now are covered.

H. BACKUP, OVERFLOW, AND SEEPAGE OF WATER

Pertains to: All policy forms, Section V. Exclusions, D.5.

The former exclusion of coverage for backup, overflow, and seepage of water has been modified:

“[Coverage generally is excluded for w]ater or waterborne material that:

- a. Backs up through sewer or drains;
- b. Discharges or overflows from a sump, sump pump, or related equipment; or
- c. Seeps or leaks on or through the covered [insured] property;

unless there is a flood in the area and the flood is the proximate cause of the sewer or drain backup, sump pump discharge or overflow, or seepage of water.”

Damage from backup, overflow, and seepage is covered if there is a general condition of flooding in the area. The other former requirements—additional \$250 deductible, insurance to 80 percent of value, occurrence of damage within 72 hours—have been eliminated.

I. PRESSURE OR WEIGHT OF WATER

Pertains to: All policy forms, Section V. Exclusions, D.6.

The former exclusion of coverage for damage by pressure or weight of water has been modified:

“[Coverage generally is excluded for damage caused by t]he pressure or weight of water unless there is a flood in the area and the flood is the proximate cause of the damage from the pressure or weight of water.”

Coverage is provided for damage by the pressure or weight of water against the insured building if there is a flood in the area and the flood is the proximate cause of damage from the pressure or weight of water.

J. SPECIAL LOSS SETTLEMENT

Pertains to:

- Dwelling Form, Section VII. General Conditions, V. Loss Settlement, 3.
- RCBAP, Section VIII. General Conditions, V. Loss Settlement, 3 (language differs slightly from Dwelling Form language quoted on the next page).

Coverage provisions for total loss of a manufactured (mobile) home/travel trailer have been clarified, as shown on the next page:

“Special Loss Settlement

- a. The following loss settlement conditions apply to a single-family dwelling that:
 - (1) Is a manufactured or mobile home or a travel trailer, as defined in II.B.6.b. and II.B.6.c.;
 - (2) Is at least 16 feet wide when fully assembled and has an area of at least 600 square feet within its perimeter walls when fully assembled; and
 - (3) Is your principal residence, as specified in V.1.a.(1) above. [Note: This requirement appears only in the Dwelling Form, not in the RCBAP.]
- b. If such a dwelling is totally destroyed or damaged to such an extent that, in our judgment, it is not economically feasible to repair, at least to its predamage condition, we will, at our discretion, pay the least of the following amounts:
 - (1) The lesser of the replacement cost of the dwelling or 1.5 times the actual cash value, or
 - (2) The building limit of liability shown on your Declarations Page.
- c. If such a dwelling is partially damaged and, in our judgment, it is economically feasible to repair it to its predamage condition, we will settle the loss according to the Replacement Cost conditions in paragraph V.2. above.”

Coverage for a total loss of a manufactured (mobile) home or travel trailer eligible for replacement cost coverage now is the lesser of its replacement cost or 1.5 times its actual cash value.

Loss Settlement paragraph 1.a.(2) does not apply to manufactured (mobile) homes or travel trailers under Special Loss Settlement.

Only manufactured (mobile) homes and travel trailers as described in paragraphs 3.a.(2) and (3) qualify for Special Loss Settlement. All other manufactured (mobile) homes and travel trailers require Actual Cash Value Loss Settlement.