

**THIS ENDORSEMENT CHANGES YOUR POLICY. PLEASE READ IT CAREFULLY.**

## **SINKHOLE LOSS COVERAGE**

### **FOR USE WITH FORM HO 00 03**

#### **DEFINITIONS**

The following definitions are added:

“Sinkhole” means a landform created by subsidence of soil, sediment, or rock as underlying strata are dissolved by groundwater. A sinkhole may form by collapse into subterranean voids created by dissolution of limestone or dolostone or by subsidence as these strata are dissolved.

“Sinkhole activity” means settlement or systematic weakening of the earth supporting such property only when settlement or systematic weakening results from movement or raveling of soils, sediments, or rock materials into subterranean voids created by the effect of water on a limestone or similar rock formation,

“Sinkhole loss” means structural damage to the building, including foundation, caused by “sinkhole activity”. Contents coverage shall apply only if there is structural damage to the building caused by “sinkhole activity”.

#### **SECTION I – PERILS INSURED AGAINST**

The following is added to SECTION I – PERILS INSURED AGAINST:

##### **Sinkhole Loss**

1. We insure for direct physical loss to property covered under Section I caused by the peril or “sinkhole loss”, including the costs incurred to:

- a. Stabilize the land and building; and
- b. Repair the foundation;

In accordance with the recommendations of the professional engineer who verifies the presence of a “sinkhole loss” in compliance with Florida sinkhole testing standards and in consultation with you.

The professional engineer must be selected or approved by us.

2. This peril does not increase the limit of liability applying to the covered property.

The SECTION I – Earth Movement exclusion 1.b. does not apply with respect to coverage provided by this endorsement.

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The SECTION I – Loss caused by Sinkhole exclusion 1.i. does not apply with respect to coverage provided by this endorsement.

#### **Sinkhole Loss Deductible**

A sinkhole loss deductible applies to covered property, when loss is caused by the peril of “Sinkhole loss”.

The amount of your sinkhole deductible is shown in your Declarations.

Subject to the policy limits that apply, we will pay only that part of the total of all “Sinkhole loss” that exceeds the sinkhole loss deductible.

If the deductible is a percentage figure, the amount of your deductible is determined by multiplying the Coverage A limit of liability indicated in your Declarations by the specified percentage amount.

A minimum deductible of \$500 applies.

No other deductible applies to “Sinkhole loss”.

#### **SECTION I – EXCLUSIONS**

The following is added to the Existing Damage Exclusion.

- (3) Visible physical damage caused by “sinkhole activity” occurring prior to the inception of this policy.

#### **SECTION I – CONDITIONS**

Loss Settlement paragraph 3.b.(6) is added as follows:

(6) In the event of “sinkhole loss”:

(a) We will pay for “Sinkhole loss”, subject to **f)(ii)** below, up to the applicable Section I – Property Coverage Limit of Liability shown in your Declarations.

(b) The applicable Section I Limit If Liability, subject to **f)(ii)** below, is the most we will pay in any one policy term until all repairs, including building and land stabilization are completed in accordance with the recommendations of the professional engineer who verifies the presence of a “Sinkhole loss” in compliance with Florida sinkhole testing standards.

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- (c) We will pay no more than the actual cash value of the damaged property; if not including underpinning or grouting or another repair technique performed below the existing foundation of the building, until you enter into a contract for the performance of building stabilization or foundation repairs.
- (d) Once you enter into such contract, we will pay the amounts necessary to begin and perform such repairs as the work is performed and as the expenses are incurred.
- (e) We may at our option, and with your written approval, make payment directly to the persons selected by you to perform the land and building stabilization and foundation repairs.
- (f) If repair has begun and the professional engineer selected or approved by us determines that the repairs will exceed the applicable Limit of Insurance, we must either:
  - (i) Complete the professional engineer's recommended repairs; or
  - (ii) Pay the policy limits without a reduction for the repair expenses incurred.
- (g) If you have submitted a sinkhole claim without good faith grounds for submitting such claim and such claim is not withdrawn prior to our ordering a sinkhole analysis to investigate your claim, you are required, after we obtain written certification that there is no "Sinkhole activity", to reimburse us for 50% of the actual costs, up to \$2500, of the analysis and services provided by a professional engineer or professional geologist to conduct testing to determine the cause of loss; pursuant to Florida Statutes 627.7072 and 627.7073.

## 6. Mediation or Appraisal

Condition 6. Mediation or Appraisal is deleted and replaced with the following:

### 6. Neutral Evaluation Program

With respect to a claim for alleged "Sinkhole loss", a neutral evaluation program is available as follows:

- (1) Following receipt by us of a report from a professional engineer or professional geologist on the cause of loss and recommendations for land stabilization and repair of property or if we deny your claim, we will notify you of your right to participate in a neutral evaluation program administered by the Florida Department of Financial Services (hereinafter referred to as the Department).
  - (2) For alleged "Sinkhole loss" to property, this program applies instead of the Mediation Or Appraisal condition set forth elsewhere in this policy.
  - (3) You or we may file a request with the Department for neutral evaluation; the other party must comply with such request.
  - (4) We will pay the cost associated with the neutral evaluation regardless of which party makes the request.
  - (5) The neutral evaluator will be selected from a list maintained by the Department. The recommendation of the neutral evaluator will not be binding on you or us.
  - (6) Participation in the neutral evaluation program does not change your right to file suit against us in accordance with the Suit Against Us Condition 8. in this policy.
- 8. Suit Against Us** is deleted and replaced with the following:
- 8. Suit Against Us**
- No action can be brought against us; unless:
- a. There has been full compliance with all of the terms of this policy; and
  - b. The action is started within 5 years after the date of the loss;
- Except that the time for filing suit is extended for a period of 60 days following the conclusion of the neutral evaluation process or 5 years, whichever is later.

All other provisions of this policy apply.